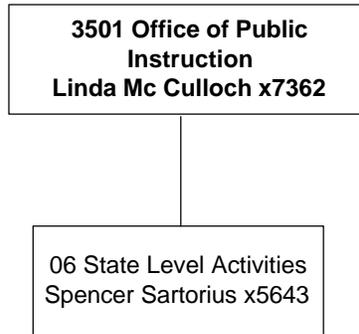


Office Of Public Instruction-3501 State Level Activities-06



Mission Statement - To improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve.

Statutory Authority - Title 20, MCA

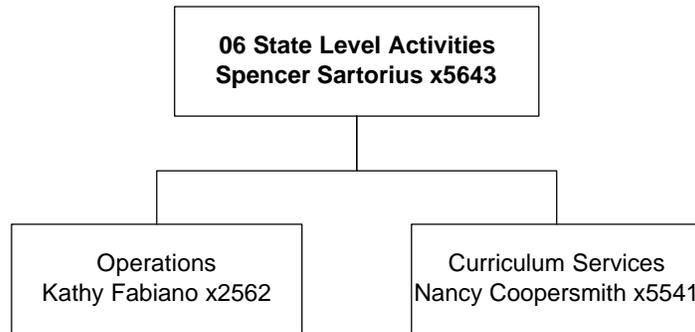
Supplemental Appropriation Description - The Office of Public Instruction will be requesting a supplemental appropriation of approximately \$3.5 million. This is primarily due to a shortfall of revenue in the guarantee fund.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	114.91	3.10	7.30	125.31	3.10	7.30	125.31
Personal Services	5,345,610	513,585	119,007	5,978,202	514,649	113,343	5,973,602
Operating Expenses	5,491,564	973,068	4,660,104	11,124,736	1,047,922	4,689,869	11,229,355
Equipment	38,651	0	0	38,651	0	0	38,651
Local Assistance	556,690,550	(44,732,127)	(4,449,816)	507,508,607	(51,744,822)	7,752,493	512,698,221
Grants	88,069,720	16,874,513	6,398,056	111,342,289	21,345,429	6,483,056	115,898,205
Total Costs	\$655,636,095	(\$26,370,961)	\$6,727,351	\$635,992,485	(\$28,836,822)	\$19,038,761	\$645,838,034
General Fund	560,554,778	(44,299,269)	(8,696,434)	507,559,075	(51,306,740)	3,248,645	512,496,683
State/Other Special	1,092,119	(148,554)	4,098,000	5,041,565	(147,746)	4,360,000	5,304,373
Federal Special	93,898,407	18,167,653	11,325,785	123,391,845	22,708,455	11,430,116	128,036,978
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$655,636,095	(\$26,370,961)	\$6,727,351	\$635,992,485	(\$28,836,822)	\$19,038,761	\$645,838,034

----- **Agency General Fund Target - \$889.24 million** -----
plus HB 124 Amount in Schools - \$130.79 million

Agency proposed budget - including statutory appropriations							
	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
General Fund	560,554,778	(44,299,269)	(8,696,434)	507,559,075	(51,306,740)	3,248,645	512,496,683
State Special - HB 2	1,092,119	(148,554)	4,098,000	5,041,565	(147,746)	4,360,000	5,304,373
State Special - Statutory		45,843,000	1,000,000	46,843,000	46,413,000	(100,000)	46,313,000
Federal Special	93,898,407	18,167,653	11,325,785	123,391,845	22,708,455	11,430,116	128,036,978
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$655,636,095	\$19,472,039	\$7,727,351	\$682,835,485	\$17,576,178	\$18,938,761	\$692,151,034

Office Of Public Instruction-3501 State Level Activities-06



Program Description - The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing statutorily prescribed duties. The program: 1) supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) is responsible for the distribution and accounting of state and federal funds provided to school districts; and 3) provides assistance and information to school districts. The program administers all federal grants received by OPI, including: 1) curriculum assistance; 2) special education; 3) ESEA/NCLB administration; 4) secondary vocational education administration; and 5) other educational services.

Language – “The office of public instruction may distribute funds from the appropriation in item (in-state treatment) to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs.”

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Certified Staff (FTE) Employed by Public Schools	12,004	12,097	12,079	12,065	12,065	12,065

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	114.91	3.10	7.30	125.31	3.10	7.30	125.31
Personal Services	5,345,610	513,585	119,007	5,978,202	514,649	113,343	5,973,602
Operating Expenses	5,363,314	866,308	4,660,104	10,889,726	941,162	4,689,869	10,994,345
Equipment	38,651	0	0	38,651	0	0	38,651
Local Assistance	19,301	0	0	19,301	0	0	19,301
Total Costs	\$10,766,876	\$1,379,893	\$4,779,111	\$16,925,880	\$1,455,811	\$4,803,212	\$17,025,899
General Fund	4,374,491	266,896	(148,618)	4,492,769	272,120	(143,848)	4,502,763
State/Other Special	185,369	8,196	0	193,565	9,004	0	194,373
Federal Special	6,116,225	1,195,592	4,927,729	12,239,546	1,265,478	4,947,060	12,328,763
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$10,766,876	\$1,379,893	\$4,779,111	\$16,925,880	\$1,455,811	\$4,803,212	\$17,025,899

Please note that a HB 576 section exists for this program.

**Office Of Public Instruction-3501
State Level Activities-06**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,004,044	FY04 \$0
FY05 \$1,068,393	FY05 \$0

PL- 30 - Federal Grant Award Adjustments -

This is an adjustment in federal spending authority for grant awards currently administered by the Office of Public Instruction. The adjustments in federal grant awards are due to normal increases in federal funding and also the "No Child Left Behind Act of 2001" (NCLB) that reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB is an act to close the achievement gap with accountability, flexibility and choice, so that no child is left behind. ESEA provides targeted resources to help ensure that disadvantaged students have access to a quality public education.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$111,655)	FY04 \$0
FY05 (\$111,655)	FY05 \$0

PL- 45 - Advanced Driver Ed Enterprise - Removal from HB 2 -

The Advanced Driver Education program was changed to an enterprise program for the 2003 biennium. This request removes it from HB 2 and into non-HB 2 proprietary.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$108,892)	FY04 (\$134,233)
FY05 (\$106,551)	FY05 (\$132,706)

PL- 7000 - General Adjustments, including special session -

Adjustments include: contract rate increases for audiology testing of school children, adjustment for publication of the school law book, indirect cost adjustments, and special session reductions.

----- **New Proposals** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$253,250	FY04 \$253,250
FY05 \$263,250	FY05 \$263,250

NP- 13 - Statewide Student Assessment -

This request is to fund a contract with a national testing service for the annual assessment of students in grades 4, 8, and 11 as required by the Board of Public Education (BPE) and the Elementary and Secondary Education Act of 1994. The estimated cost of continuing reflects the estimates provided by the contractor, Riverside Publishing Company. Funding of the proposal would allow timely public access to education data, as well provide national comparison data on the academic achievement of students in the core academic areas.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$3,700,000	FY04 \$0
FY05 \$3,700,000	FY05 \$0

NP- 33 - Federal Assessment Requirement -

Section 1111(b) of the federal Elementary and Secondary Education Act (ESEA) as reauthorized by the "No Child Left Behind Act of 2001" requires states to develop and implement a single statewide accountability system that is:

- 1) based on academic standards, and
- 2) administered to all public elementary and secondary school students.

This proposal creates and implements the testing necessary to comply with this federal legislation with federal revenue.

**Office Of Public Instruction-3501
State Level Activities-06**

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$75,000	FY04 \$0
FY05 \$78,000	FY05 \$0

NP- 34 - National Assessment of Educational Progress -

Federal funding is provided to hire a National Assessment of Educational Progress (NAEP) State Administrator at OPI to assist with the implementation of NAEP in Montana. NAEP reading and mathematics assessments will be administered biennially to 4th and 8th grade students beginning in 2003. NAEP assessments in additional subjects at grades 4, 8, and 11 will also be conducted following appropriation of funds by the U.S. Congress. The NAEP State Administrator will coordinate the administration of NAEP within Montana; promote understanding of NAEP and its relevance to the state assessment program; coordinate the analysis and interpretation of NAEP data; and coordinate communication of NAEP information to school administrators, teachers, parents and the general public.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$50,154	FY04 \$0
FY05 \$50,123	FY05 \$0

NP- 35 - Advanced Placement Incentive -

OPI has applied to participate in the federally funded Advanced Placement Incentive Program to reimburse a major portion of the cost, for low-income students, of taking advanced placement tests. In addition, the OPI is forming a consortium with the Office of the Commissioner of Higher Education to build a permanent system of support and services to enable low-income students to adequately prepare for challenging coursework in the higher grades and to enter and succeed in college.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$75,000	FY04 \$0
FY05 \$75,000	FY05 \$0

NP- 36 - Character Education -

The goals of this federal grant are to create school and community environments that support the development and demonstration of character in youth; enhance student academic performance and interpersonal and civic skills; and design and implement an effective character education model program that will meet the unique needs of a rural, sparsely populated state, which can be duplicated in both rural and urban areas nationally.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$610,000	FY04 \$0
FY05 \$625,000	FY05 \$0

NP- 39 - Reading First -

This new federal program replaces the Reading Excellence Act and helps states and local educational agencies utilize scientifically-based reading research to implement comprehensive reading instruction for children in kindergarten through third grade.

Funding requires schools that receive grants to select and administer screening, diagnostic, and classroom-based instructional reading assessments to determine which students in kindergarten through grade 3 are at risk of reading failure and requires provision of professional development for involved teachers in the essential components of reading instruction.

Office Of Public Instruction-3501 State Level Activities-06

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,108	FY04	\$0
FY05	\$24,108	FY05	\$0

NP- 40 - REI / Rural Low Income Schools -

OPI requests federal authority to coordinate and implement the provisions of the Rural Education Initiative's (REI) Rural Low Income Schools program (which is subpart 2 of the new federal ESEA law). This program provides federal funding to eligible school districts for teacher recruitment and retention, professional development, educational technology, parental involvement activities, safe and drug-free schools activities, language instruction activities and/or basic programs for improving the academic achievement of disadvantaged students.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$140,000	FY04	\$0
FY05	\$140,000	FY05	\$0

NP- 43 - Title IV 21st Century Community Learning Centers -

The Health Enhancement and Safety Division requests authority for 1.00 FTE and for administrative funds to coordinate and implement the 21st Century Community Learning Centers program. The program provides federal funding through a competitive grant process for school districts, community-based organizations and cooperative agreements between these groups to provide before-school, after-school, and summer school activities for school age children. Priority is given to schools with a high concentration of poor students and those schools determined to be in need of improvement. Activities must provide academic enrichment that complements regular school-based academic programs and provide literacy support to the families of students. The HES Division will implement the program and will arrange technical assistance and training services to Montana schools and community-based organizations. The current funding level and FTE level within the division is not sufficient to allow the OPI to provide this academic support service to schools.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$253,467	FY04	\$0
FY05	\$254,829	FY05	\$0

NP- 44 - Troops to Teachers -

OPI participates in the U.S. Department of Defense and U.S. Department of Education Troops-to-Teachers program. The program uses federal money to assist 75 to 100 participants from Montana, Idaho, South Dakota, North Dakota, Wyoming and elsewhere to secure employment for the 2003 school year. The goal of the program is to recruit and assist military personnel in their pursuit of teaching as a second career, by identifying and facilitating the most appropriate route to certification and assisting participants to secure employment as public school teachers.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$401,868)	FY04	(\$401,868)
FY05	(\$407,098)	FY05	(\$407,098)

NP- 7020 - Reduction to Balance the Budget -

In order to balance the overall state budget, the general fund available for OPI operations was reduced. Current level expenditures must be reduced by an additional \$808,962 for the 2005 biennium. OPI will accomplish this reduction through a variety of means, including elimination of 3.00 FTE management or other relatively higher paid positions, reducing the general fund budget for Carl Perkins match, eliminating the contract for grading GED exams and, as much as legally possible, switching the funding source for certain positions.

- Three management or other higher paid positions will be eliminated for a savings of \$189,449 in FY 2004 and \$188,885 in FY 2005.
- Operating expenditures in the Career Technical and Adult Education Division will be reduced to the minimum amount necessary to meet the federal match requirement for Carl Perkins funds, an annual reduction of \$19,480.
- A contract for the grading of GED exams will be eliminated, saving \$9,820 each year.
- The balance of the required biennial budget reduction (\$318,607) will be accomplished by, as much as legally possible, switching positions that are currently funded from the general fund to other funding sources. The details of the positions and funding will be determined at a later time.
- As a result of the above reductions, indirect costs paid from the general fund will also be reduced by \$63,841 in FY 2004 and \$64,600 in FY 2005.

Office Of Public Instruction-3501 Local Education Activities-09

**09 Local Education Activities
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Program Description - The Local Education Activities program is used by OPI to distribute various state and federal funds to local education agencies.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
K-12 Public School Enrollment	157,556	154,875	151,947	149,936	147,280	145,075
Public Schools	880	877	877	878	878	878

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	128,250	106,760	0	235,010	106,760	0	235,010
Local Assistance	556,671,249	(44,732,127)	(4,449,816)	507,489,306	(5,744,822)	7,752,493	513,778,920
Grants	88,069,720	16,874,513	6,398,056	111,342,289	21,345,429	6,483,056	115,898,205
Total Costs	\$644,869,219	(\$27,750,854)	\$1,948,240	\$619,066,605	(\$30,292,633)	\$14,235,549	\$628,812,135
General Fund	556,180,287	(44,566,165)	(8,547,816)	503,066,306	(51,578,860)	3,392,493	507,993,920
State/Other Special	906,750	(156,750)	4,098,000	4,848,000	(156,750)	4,360,000	5,110,000
Federal Special	87,782,182	16,972,061	6,398,056	111,152,299	21,442,977	6,483,056	115,708,215
Total Funds	\$644,869,219	(\$27,750,854)	\$1,948,240	\$619,066,605	(\$30,292,633)	\$14,235,549	\$628,812,135

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$574,423	FY04 \$574,423
FY05 (\$7,481,926)	FY05 (\$7,481,926)

PL- 1 - Adjust K-12 BASE Aid -

This present law adjustment reflects the projected \$6.9 million savings to the state general fund for the K-12 BASE aid due to declining enrollment, increasing entitlements, and increasing retirement costs.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$81,031	FY04 \$81,031
FY05 \$81,031	FY05 \$81,031

PL- 2 - Adjust State Transportation Aid -

Establish the FY 2004 and FY 2005 appropriations for state transportation aid payments at \$81,000 higher than the base year amount in order to meet anticipated transportation expenses. State transportation payments are made using a statutory formula based on bus miles and ridership. Costs have leveled out in recent years and are not anticipated to increase.

**Office Of Public Instruction-3501
Local Education Activities-09**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,008,584	FY04	\$1,008,584
FY05	\$1,008,584	FY05	\$1,008,584

PL- 3 - Special Ed. State Maintenance of Effort -

The base year expenditure is \$33,904,640. The state special education allocation in HB 2 in FY 2003 is \$34,912,640. Federal maintenance of effort requires that no reduction can be made in subsequent years. Appropriating a lesser amount than FY 2003 will result in a dollar-for-dollar reduction in federal funding for special education.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$33,817	FY04	\$33,817
FY05	\$143,817	FY05	\$143,817

PL- 5 - School Facility Reimbursement -

School facility payments use a statutory formula to determine the amount of reimbursement for which a district is eligible. HB 2 established the FY 2002 appropriation for state school facility payments to low-wealth school districts at \$4.35 million; actual expenditures were \$4.16 million.

This request is to establish the FY 2004 and FY 2005 appropriations for school facility payments at slightly higher than the anticipated expenditures in FY 2003 or \$4.20 million in FY 2004 and \$4.36 million in FY 2005. There is no indication of significant increases in bond issues in the next biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,200	FY04	\$4,200
FY05	\$8,500	FY05	\$8,500

PL- 8 - School District Audit Filing Fee Annual Increase -

This increase will allow OPI to pay school district audit filing fees in accordance with the Department of Administration's fee schedule, which is based on the amount of school district revenues. Payment of this fee from OPI to the Department of Administration is required by 2-7-514(2), MCA. This increase assumes school district revenues will increase 3 percent each year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$379,926	FY04	\$379,926
FY05	\$379,926	FY05	\$379,926

PL- 10 - Biennial Appropriations -

Appropriations for vocational education, gifted and talented, and in-state treatment, were established by the 2001 legislative session as biennial appropriations. OPI spent less than half of the appropriation in the base year. The amount remaining in these appropriations was carried forward into FY 2003. This adjustment reestablishes the biennial appropriation to the amount authorized by the 2001 legislative session.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$16,972,061	FY04	\$0
FY05	\$21,442,977	FY05	\$0

PL- 31 - Federal Grants Increase

The adjustments in current federal grant awards are due in part to the "No Child Left Behind Act of 2001" (NCLB) that reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB is an act to close the achievement gap with accountability, flexibility and choice, so that no child is left behind. ESEA provides targeted resources to help ensure that disadvantaged students have access to a quality public education.

**Office Of Public Instruction-3501
Local Education Activities-09**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$45,999,750)	FY04	45,843,000)
FY05	(\$45,569,750)	FY05	\$45,413,000)

PL- 49 - Guarantee Account - Statutory Appropriations -

This significant decrease in state general fund in HB 2 is directly offset with an increase in statutory state special authority. Statutory authority does not appear in HB 2, nor does it appear in the main tables of this section of the book. For a complete look at school funding see the table at the bottom of page E-1.

HB 7 from the 2002 Special Session created the statutory appropriation and the state special Guarantee Account. This proposal implements HB 7 by decreasing the general fund in HB 2 to account for the increased statutory appropriations.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$805,146)	FY04	(\$805,146)
FY05	(\$305,792)	FY05	(\$305,792)

PL- 51 - School Block Grants established in HB124 and HB18 -

This adjustment continues the block grants to schools and counties at the level stated in HB 18 of special session, which is the average of the FY 2002 and FY 2003 block grants, plus 0.76 percent each year will be the FY 2004 and FY 2005 block grant.

HB 18 states: "The governor shall include the appropriation in [section 248(1)] \$107,395,032 in the biennial present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation." and "The amount of \$12,210,205 must be reserved for countywide retirement and countywide transportation in fiscal year 2004, and the amount of \$12,303,002 must be reserved for countywide retirement and countywide transportation in fiscal year 2005."

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$250,000	FY04	\$0
FY05	\$250,000	FY05	\$0

NP- 32 - Community Service Grant Program -

Federal grant to implement a program under which students expelled or suspended from school are required to perform community service. This program is authorized within Title IV of the No Child Left Behind Act of 2001.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,890,000	FY04	\$0
FY05	\$2,975,000	FY05	\$0

NP- 39 - Reading First - Federal Title I, Part B, Subpart 1 -

This is a new federal program (replacing the Reading Excellence Act) to help states and local educational agencies utilize scientifically-based reading research to implement comprehensive reading instruction for children in kindergarten through third grade.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$458,056	FY04	\$0
FY05	\$458,056	FY05	\$0

NP- 41 - REI / Rural Low Income Schools -

The Rural Education Initiative's (REI) Rural Low Income Schools program (which is subpart 2 of the new federal ESEA law) provides funding to eligible school districts for teacher recruitment and retention, professional development, educational technology, parental involvement activities, safe and drug-free schools activities, language instruction activities and/or basic programs for improving the academic achievement of disadvantaged students.

**Office Of Public Instruction-3501
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The Rural Low Income (RLI) program provides new federal funds to school districts that: (1) are not eligible to participate in the REI program for small, rural schools (subpart 1 of the new federal ESEA law), (2) serve only schools with a school locale code of 6, 7 or 8 which designates the district rural location, and (3) have a child poverty rate of at least 20 percent (i.e., at least 20 percent of the children aged 5-17 who that are served by the district are from families with incomes below the poverty rate). Federal law provides for formula funding of eligible districts (95 percent of the total state award) to provide the services authorized under the RLI program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,800,000	FY04	\$0
FY05	\$2,800,000	FY05	\$0

NP- 43 - Title IV 21st Century Community Learning Centers -

The Health Enhancement and Safety Division requests authority for federal flow-through funds to implement the 21st Century Community Learning Centers program. The program provides funding through a competitive grant process for local school districts, community based organizations and cooperative agreements between these groups to provide before-school, after-school, and summer school activities for school age children. Priority is given to schools with a high concentration of poor students and those schools determined to be in need of improvement. Activities must provide academic enrichment that complements regular school-based academic programs and provide literacy support to the families of students. The HES Division will implement the program and will arrange technical assistance and training services to Montana schools and community-based organizations. The current funding level within the HES Division is not sufficient to allow the OPI to provide this academic support service to schools.

----- **Other Legislation Required to Implement HB 2** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$150,000)	FY04	(\$150,00)
FY05	\$6,929,448	FY05	\$6,929,448

NP- 8210 - Governor's Advisory Council recommendations on averaging ANB -

This proposal attempts to minimize the effect of declining enrollment on school district general fund budgets by calculating a district's basic and total per-student entitlements using average number belonging over a three year period in FY 2005 and thereafter. It also does this by recognizing the fixed cost components in school expenditures, which cause lags in cost changes associated with both increasing and decreasing enrollments. This will give schools time to adjust staffing and facilities as enrollments change. A minor change in the definition of ANB is also included in this proposal, to require that a student who attends only one class to no longer be counted as a half an ANB, resulting in a decrease in the cost of district general fund entitlements by an estimated \$100,000 per year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8220 - Advisory Council: Transportation & some HB 124 -

This proposal combines several of the recommendations of the Governor's Advisory Council on School Funding. It includes: (1) simplifying the schedule for state and county reimbursement to school districts for school transportation by eliminating weighted ridership as a basis for determining the reimbursement rate and paying instead by bus size. The transportation proposal is funded by reducing by half the amount of district transportation HB 124 block grants. (2) converting current HB 124 block grants into the current school facility entitlement program, by allowing GTB eligible bond issues issued prior to 1991 to receive payment through this program (3) combining the HB 124 block grants for adult basic education, building reserve, bus depreciation, tuition and non-operating funds into a single block grant that can be used by the district in any budgeted fund.

**Office Of Public Instruction-3501
Local Education Activities-09**

Table E-1 summarized the effects of (1) and (2) above.

Table E-1						
Change in HB 124 Block Grants resulting from NP-8220						
	Block grant with no growth, school funding present law		NP-8220 amount		Amount including NP-8220	
	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005
Block grant to Debt Service Fund	3,990,408	3,990,408	(3,990,408)	(3,990,408)	-	-
School funding - Facilities program	4,250,000	4,360,000	3,990,408	3,990,408	8,240,408	8,350,408
Subtotal	\$8,240,408	\$8,350,408	\$0	\$0	\$8,240,408	\$8,350,408
Block grant to Transportation Fund	3,493,321	3,493,321	(1,746,660)	(1,746,660)	1,746,660	1,746,660
School funding - Transportation program	10,400,000	10,400,000	1,746,660	1,746,660	12,146,660	12,146,660
Subtotal	\$13,893,321	\$13,893,321	\$0	\$0	\$13,893,321	\$13,893,321

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$330,000	FY04	\$330,000
FY05	\$660,000	FY05	\$660,000

NP- 8230 - Teacher Loan Repayment Program -

This proposal establishes a student loan repayment assistance program for Montana teachers with certification or endorsement to teach in critical geographic and endorsement shortage areas. The Board of Public Education will maintain the definitions for this program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$4,098,000)
FY05	\$0	FY05	(\$4,360,000)

NP- 8240 - Fund Switch TSEP for General Fund -

This proposal diverts over \$4 million per year, or 50 percent of the Treasure State Endowment Program (TSEP) interest to a new school facility state special revenue account to meet the obligations of the state in accordance with 20-9-370, MCA. This frees general fund to be used for the costs of averaging in NP-8210.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$1,000,000)	FY04	(\$1,000,000)
FY05	(\$900,000)	FY05	(\$900,000)

NP- 8250 – Reallocate Timber Revenue to Base Aid -

Continue to use timber for technology funds in the school general fund budgets as was done in the 2003 biennium under the direction of HB 7 in the special session. This proposal temporarily eliminates the revenue dedicated to the school technology fund until FY 2007.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$4,275,000)	FY04	(\$4,275,000)
FY05	(\$3,555,000)	FY05	(\$3,555,000)

NP- 8270 - Retirement Fund Accounting Changes -

Change the accounting law for the retirement fund so that only the district general fund charges its retirement costs to the retirement fund. This addresses the concern that federal fund increases are rising substantially and that the state and local governments are subsidizing the federal programs through the districts charging retirement costs to the retirement fund. The proposal requires the fund that generates the salary cost to pay the retirement costs associated with that salary cost.

Office Of Public Instruction-3501 Local Education Activities-09

The effect of this accounting change will be that the district retirement budgets and reserves will be reduced. Likewise, the state general fund retirement expenditures will decrease by \$4.275 million in FY 2004 and \$3.555 million in FY 2005 and county taxes are reduced by approximately \$11 million per year. NP-8280 offsets this tax reduction in county levies with an increase in district levies.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$820,283	FY04 \$820,283
FY05 \$5,163,354	FY05 \$5,163,354

NP- 8280 - School Entitlement increases and a reduction in the DSA percentage-

School district general fund budgets are funded with direct state aid and guaranteed tax base aid. Direct state aid (DSA) goes to all districts regardless of the relative taxable value or property tax wealth of the district. Guaranteed tax base (GTB) aid is distributed to districts with less than 175 percent of the average property tax wealth. This proposal decreases the DSA share of the district general fund entitlements from 44.7 percent to 42.6 percent. Likewise, GTB is increased from 35.3 percent to 37.4 percent. This results in a net tax increase to districts, which is offset by the tax reduction in NP-8270.

Table E-2					
Entitlements, Enrollments, and State Aid					
	FY 2001 actual	FY 2002 actual	FY 2003 estimate	FY 2004 recommend	FY 2005 recommend
<u>Elementary entitlements</u>					
per district	\$18,540	\$18,889	\$19,244	\$19,629	\$19,825
per ANB (approx./student)	\$3,763	\$3,834	\$3,906	\$3,984	\$4,024
<u>High School entitlements</u>					
per district	\$206,000	\$209,873	\$213,819	\$218,095	\$220,276
per ANB (approx./student)	\$5,015	\$5,109	\$5,205	\$5,309	\$5,362
<u>Base budget components (80% of entitlements)</u>					
Direct State Aid	44.7%	44.7%	44.7%	42.6%	42.6%
Guaranteed Tax Base Aid	35.3%	35.3%	35.3%	37.4%	37.4%
<u>Statewide figures</u>					
Average number belonging (ANB)	157,538	154,421	151,499	149,265	146,541
State aid district general fund (millions) (does not include HB124 revenue)	\$459.17	\$454.06	\$459.46	\$452.79	\$455.71
State aid/ANB district general fund	\$2,915	\$2,940	\$3,033	\$3,033	\$3,110

Also included in this decision package is a 2% increase in school district general fund entitlements in FY 2004 and a 1 percent increase in FY 2005. These increases are shown the Table E-2. The relatively flat state funding coupled with declining enrollments creates increasing state funding on a per student basis.

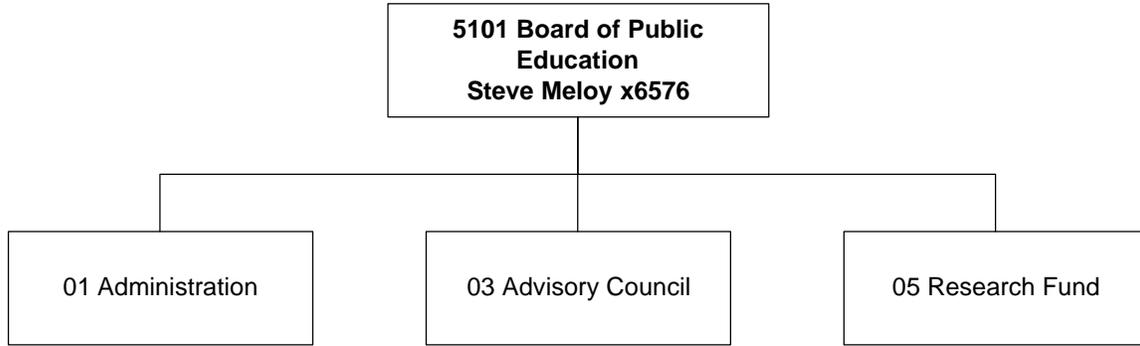
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$175,099)	FY04 (\$175,099)
FY05 (\$545,309)	FY05 (\$545,309)

NP- 8290 - Adjust HB 124 Block Grants -

Two factors are adjusting the block grants:

1. A two-year delay in the increase in growth rate for school block grants authorized in HB 124.
2. Increase the county block grants because the amount of revenue received by counties in FY 2001, which block grants were based on, was inaccurately reported to the state from the counties. The counties have corrected the data and the block grant is being revised accordingly.

Board Of Public Education-5101



Mission Statement - The Board of Public Education shall carry out its constitutional and statutory responsibility in an exemplary manner to exercise general supervision over the public school system and other such public educational institutions as may be assigned by law. In doing so, the board will cooperate with the Governor and other elected officials, the Board of Regents, Superintendent of Public Instruction, local school boards, the education community and all Montana citizens, including its students.

Statutory Authority - Article X, Section 9, Montana Constitution; 2-15-1507 and 2-15-1522, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	198,938	10,455	0	209,393	10,081	0	209,019
Operating Expenses	110,358	22,458	0	132,816	22,410	0	132,768
Total Costs	\$309,296	\$32,913	\$0	\$342,209	\$32,491	\$0	\$341,787
General Fund	166,141	(8,935)	0	157,206	(11,206)	0	154,935
State/Other Special	143,155	41,848	0	185,003	43,697	0	186,852
Total Funds	\$309,296	\$32,913	\$0	\$342,209	\$32,491	\$0	\$341,787

----- Agency General Fund Target - \$312,000 -----

Board Of Public Education-5101 Administration-01

01 Administration

Program Description - The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

Program Proposed Budget Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	121,431	(6,818)	0	114,613	(6,902)	0	114,529
Operating Expenses	56,751	830	0	57,581	(1,508)	0	55,243
Total Costs	\$178,182	(\$5,988)	\$0	\$172,194	(\$8,410)	\$0	\$169,772
General Fund	166,141	(8,935)	0	157,206	(11,206)	0	154,935
State/Other Special	12,041	2,947	0	14,988	2,796	0	14,837
Total Funds	\$178,182	(\$5,988)	\$0	\$172,194	(\$8,410)	\$0	\$169,772

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$3,000	FY04	\$0
FY05	\$3,000	FY05	\$0

PL- 2 - Administrative Assessment -

Increase the contribution of the research fund to the board's operating budget to cover the increased workload attributed to educator certification issues which are ongoing and growing. The increased dollars will come from teacher certification fees earmarked by the Legislature in a state special revenue fund.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$6,423)	FY04	(\$6,423)
FY05	(\$6,622)	FY05	(\$6,622)

PL- 7000 - General Adjustments -

The zero-based per diem for board members is restored, offset by continuing a portion of the FY 2003 Governor's reductions and all of the global special session reductions.

Board Of Public Education-5101 Advisory Council-03

03 Advisory Council

Program Description - The seven-member Certification Standards and Practices Advisory Council was created by the Legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: 1) teacher, administrator, and specialist certification standards; 2) the status and efficacy of approved teacher education programs; and 3) the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	77,507	17,273	0	94,780	16,983	0	94,490
Operating Expenses	53,607	21,628	0	75,235	23,918	0	77,525
Total Costs	\$131,114	\$38,901	\$0	\$170,015	\$40,901	\$0	\$172,015
State/Other Special	131,114	38,901	0	170,015	40,901	0	172,015
Total Funds	\$131,114	\$38,901	\$0	\$170,015	\$40,901	\$0	\$172,015

----- **Present Law Adjustments** -----

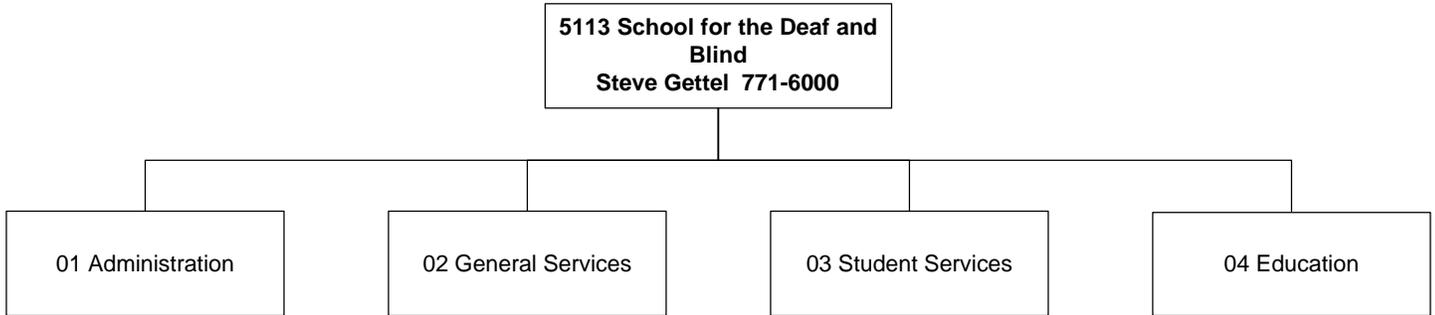
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,554	FY04	\$0
FY05	\$22,289	FY05	\$0

PL- 5 - Tie Appropriations to Anticipated Revenue -

Research revenue is anticipated to be \$55,000 in FY 2004 and \$56,000 in FY 2005 and the account also has a fund balance in excess of \$85,000. In the adjusted base in research are \$28,252 in FY 2004 and \$27,936 in FY 2005. This adjustment increases by \$31,763 in FY 2004 and \$32,079 in FY 2005 and brings research fund spending to \$60,015 each year of the biennium. This spends \$5,015 of fund balance in FY 2004 and \$4,015 in FY 2005.

Advisory council revenue is anticipated to be \$110,000 in FY 2004 and \$112,000 in FY 2005. The adjusted base for the Advisory council is \$123,209 in FY 2004 and \$121,790 in FY 2005. To meet the revenue available, expenditures have been reduced by \$13,209 in FY 2004 and \$9,790 in FY 2005.

School For The Deaf & Blind-5113



Mission Statement - To provide to deaf children and blind children in the State of Montana a quality comprehensive education that will impart the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance, and leadership to (1) parents of deaf and/or blind children not yet enrolled in an educational program, (2) to public schools in the state having deaf and/or blind children enrolled, and (3) to organizations and individuals concerned with the provision of services to these children.

Statutory Authority - Title 20, Chapter 8, part 1, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	81.68	0.00	0.00	81.68	0.00	0.00	81.68
Personal Services	3,255,166	191,493	0	3,446,659	194,271	0	3,449,437
Operating Expenses	546,490	36,046	(84,328)	498,208	16,071	(66,725)	495,836
Equipment	28,802	(28,802)	0	0	(28,802)	0	0
Total Costs	\$3,830,458	\$198,737	(\$84,328)	\$3,944,867	\$181,540	(\$66,725)	\$3,945,273
General Fund	3,506,495	141,323	(141,323)	3,506,495	123,720	(123,720)	3,506,495
State/Other Special	235,065	49,616	56,995	341,676	50,022	56,995	342,082
Federal Special	88,898	7,798	0	96,696	7,798	0	96,696
Total Funds	\$3,830,458	\$198,737	(\$84,328)	\$3,944,867	\$181,540	(\$66,725)	\$3,945,273

----- Agency General Fund Target - \$7.01 million -----

School For The Deaf & Blind-5113 Administration Program-01

01 Administration

Program Description - The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	230,284	15,280	0	245,564	14,537	0	244,821
Operating Expenses	82,012	6,739	(2,105)	86,646	(17,023)	(2,105)	62,884
Total Costs	\$312,296	\$22,019	(\$2,105)	\$332,210	(\$2,486)	(\$2,105)	\$307,705
General Fund	312,296	21,438	(2,105)	331,629	(3,473)	(2,105)	306,718
State/Other Special	0	581	0	581	987	0	987
Total Funds	\$312,296	\$22,019	(\$2,105)	\$332,210	(\$2,486)	(\$2,105)	\$307,705

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$2,105)	FY04	(\$2,105)
FY05	(\$2,105)	FY05	(\$2,105)

NP- 7020 - Reduction to Balance the Budget -

Reduction to the base operating supplies and travel in order to balance statewide general fund revenue and expenditures.

School For The Deaf & Blind-5113 General Services Program-02

02 General Services

Program Description - The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 12-acre campus.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	115,094	12,078	0	127,172	12,136	0	127,230
Operating Expenses	201,934	27,270	(7,500)	221,704	25,391	(7,500)	219,825
Total Costs	\$317,028	\$39,348	(\$7,500)	\$348,876	\$37,527	(\$7,500)	\$347,055
General Fund	317,028	39,348	(7,500)	348,876	37,527	(7,500)	347,055
Total Funds	\$317,028	\$39,348	(\$7,500)	\$348,876	\$37,527	(\$7,500)	\$347,055

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0
FY05	(\$2,000)

PL- 5 - Bond Repayment - Mechanical Project -

The State Buildings Energy Conservation Program funded a retrofit of the school HVAC system in 1994. The bond repayment schedule on this project decreases from \$10,000 in FY 2004 to \$8,000 in FY 2005.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$7,500
FY05	\$6,013

PL- 7000 - General Adjustments -

There is a reduction in vehicle maintenance and gasoline due to savings from replacing an old school van with a lease van from the State Motor Pool, offset by a \$7,500 per year increase in campus maintenance.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$7,500)
FY05	(\$7,500)

NP- 7020 - Reduction to Balance the Budget -

Reduction to base operating expenses in supplies and utilities in order to balance statewide general fund revenue and expense.

School For The Deaf & Blind-5113 Student Services-03

03 Student Services

Program Description - The Student Services Program provides residential care for children living at the school.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	29.74	0.00	0.00	29.74	0.00	0.00	29.74
Personal Services	804,597	122,438	0	927,035	124,746	0	929,343
Operating Expenses	102,678	2,278	(3,846)	101,110	7,941	(3,846)	106,773
Equipment	28,802	(28,802)	0	0	(28,802)	0	0
Total Costs	\$936,077	\$95,914	(\$3,846)	\$1,028,145	\$103,885	(\$3,846)	\$1,036,116
General Fund	911,077	93,162	(3,846)	1,000,393	101,133	(3,846)	1,008,364
Federal Special	25,000	2,752	0	27,752	2,752	0	27,752
Total Funds	\$936,077	\$95,914	(\$3,846)	\$1,028,145	\$103,885	(\$3,846)	\$1,036,116

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$15,050)	FY04 (\$17,802)
FY05 (\$9,547)	FY05 (\$12,299)

PL- 7000 - General Adjustments -

The adjustment includes removing budget for the one-time purchase of new vehicles, reinstating overtime, which is zero-based, adjusting the food budget and replacing a 15-passenger van with a leased 7-passenger van from the State Motor Pool in FY 2005. The offsetting reduction in vehicle maintenance and gasoline is included in the General Services Program since the lease rate for the van includes gasoline and maintenance.

----- **New Proposals** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$3,846)	FY04 (\$3,846)
FY05 (\$3,846)	FY05 (\$3,846)

NP- 7020 - Reduction to Balance the Budget -

Reduction will be made to the operating expenses in order to balance statewide general fund revenue.

**School For The Deaf & Blind-5113
Education-04**

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$50,191	FY04 \$50,191
FY05	\$50,191	FY05 \$50,191

PL- 7000 - General Adjustments -

The recommendation includes reinstating insurance and extra-curricular compensation omitted by MBARS calculations.

----- **New Proposals** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0	FY04 (\$56,995)
FY05	\$0	FY05 (\$56,995)

NP- 7001 - Continue Special Session Fund Switch -

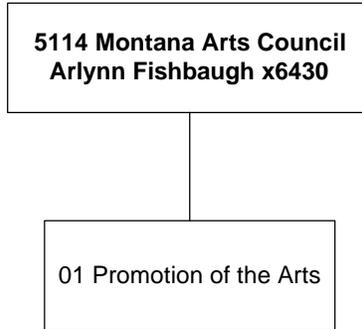
SB 27 in the special session enabled the Legislature to appropriate the state special revenue fund for telecommunications services for persons with disabilities to the School for the Deaf and Blind. This proposal continues the same level of appropriation to the school as was allocated in the special session, or \$56,995. This is accomplished through a fund switch reducing general fund and increasing state special fund by the same amount.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$70,877)	FY04 (\$70,877)
FY05	(\$53,274)	FY05 (\$53,274)

NP- 7020 - Reduction to Balance the Budget -

Reduction will be taken in operating expenses primarily, in the supplies and materials budget, but also in repairs and other operating expenses.

Montana Arts Council-5114 Promotion Of The Arts-01



Mission Statement - To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.

Statutory Authority - 22-2-101-109, MCA.

Program Description - The Montana Arts Council cooperates with public and private institutions engaged in artistic and cultural activities. The council: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through ongoing programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature.

Language Recommendations- "All federal funds in item 1 are biennial appropriations."

Program Indicators-

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Stable grant funding to organizations	\$405,000	\$423,000	\$437,000	\$513,000	\$462,000	\$462,000
State of the Arts newsletter subscribers/users	6,500	7,200	7,400	7,900	8,400	8,900
Arts Education residencies/services—students/community reached	30,000 students	36,200 students	40,500 students	40,500 students	50,000 students	50,000 students

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00
Personal Services	314,676	57,744	0	372,420	58,380	0	373,056
Operating Expenses	237,299	(14,733)	0	222,566	(19,116)	0	218,183
Grants	392,434	101,257	(31,120)	462,571	101,263	(31,120)	462,577
Total Costs	\$944,409	\$144,268	(\$31,120)	\$1,057,557	\$140,527	(\$31,120)	\$1,053,816
General Fund	339,050	(7,589)	(31,120)	300,341	(6,423)	(31,120)	301,507
State/Other Special	140,829	17,271	0	158,100	12,394	0	153,223
Federal Special	464,530	134,586	0	599,116	134,556	0	599,086
Total Funds	\$944,409	\$144,268	(\$31,120)	\$1,057,557	\$140,527	(\$31,120)	\$1,053,816

----- Agency General Fund Target - \$602,000 -----

Montana Arts Council-5114

Promotion Of The Arts-01

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$607	FY04	\$176
FY05	\$625	FY05	\$181

PL- 1 - Rent Increase -

This is the cost and the funding for the present law increase in rent under the recently-negotiated lease with the City-County Administration the Department of Administration. The increase is 3 percent per year for the next three years.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,943	FY04	\$1,304
FY05	\$20,899	FY05	\$6,963

PL- 2 - Administrative Cost Adjustments -

This decision package reestablishes per diem for the Council and for the Cultural & Aesthetic Projects Citizens' Advisory Panel and allows some other basic adjustments, including professional services, legal fees, printing, in-state lodging, and a state and federal required strategic plan.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$115,850	FY04	\$0
FY05	\$115,856	FY05	\$0

PL- 3 - Federal Funds Increase -

Current year National Endowment of the Arts award funding is being used as the projected funding for FY 2004 and FY 2005. This increase is allocated by the NEA for specific purposes including \$11,400 for Artists in the Schools, \$40,000 for Challenge America, and the balance to increase Arts in Underserved Communities activities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$27,103)	FY04	(\$27,103)
FY05	(\$27,103)	FY05	(\$27,103)

PL- 7000 – Continue Art Pros Reduction -

Professional development grants provide matching funds for Montanans to attend seminars, conferences and workshops to further improved artistic quality and community service in the arts. The arts pros consultant program allows artists and art administrators to seek advice for technical, administrative and marketing queries. These reductions were part of the first Governor's cuts and the funding remaining allows a small portion of the program to continue.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$15,000)	FY04	(\$15,000)
FY05	(\$15,000)	FY05	(\$15,000)

NP- 7002 - Reduction in the Arts Education Program -

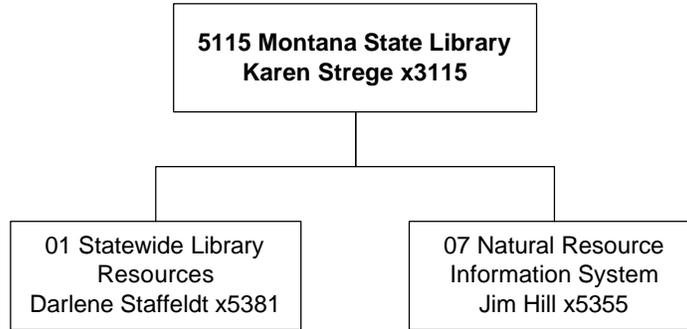
The previous \$1,200 cut in the Arts Education program is continued into the 2005 biennium and increased to completely eliminate the program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$16,120)	FY04	(\$16,120)
FY05	(\$16,120)	FY05	(\$16,120)

NP- 7003 - Eliminate Local Community Grants -

The Local Community Grants program is eliminated due to revenue shortfall.

Library Commission-5115



Mission Statement - To help all citizens receive the information services that they need to improve or enhance their lives by providing comprehensive information about natural resources; fulfilling the information needs of state agency employees; preserving state publications; improving public library services; promoting cooperation among Montana libraries of all types; and providing reading material to those with physical disabilities.

Statutory Authority - Title 22, Chapter 1, and Title 90, Chapter 15, MCA.

Language - "Item 1 includes biennial appropriations of \$251,138 in general fund money and \$850,000 in federal funds for grants to local libraries."

"Item 2b includes \$500,000 for legislative contract authority as a biennial appropriation, subject to the following provisions:

(1) Legislative contract authority applies only to state special revenue funds received from the Montana university system, federal funds, and private funds.

(2) Legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations. In preparing the 2007 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.

(3) A report must be submitted by the state library commission to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project.

(4) Legislative contract authority may be transferred between state and federal special revenue, depending upon the contract received by the Montana state library."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	30.50	0.00	(2.00)	28.50	0.00	(2.00)	28.50
Personal Services	1,357,627	(61,895)	(53,162)	1,242,570	(63,304)	(53,070)	1,241,253
Operating Expenses	1,023,664	(68,952)	281,500	1,236,212	(72,692)	281,500	1,232,472
Equipment	157,511	0	(75,928)	81,583	0	(75,928)	81,583
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862
Transfers	0	0	500,000	500,000	0	0	0
Total Costs	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170
General Fund	1,774,096	286,504	(164,971)	1,895,629	30,559	(164,879)	1,639,776
State/Other Special	666,421	30,595	117,799	814,815	30,253	89,026	785,700
Federal Special	936,567	294,127	475,000	1,705,694	(155,873)	0	780,694
Total Funds	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170

----- Agency General Fund Target - \$3.54 million -----

Library Commission-5115

Statewide Library Resources-01

01 Statewide Library
Resources
Darlene Staffeldt x5381

Program Description - The State Library Operations Program provides 1) information services to state government; 2) referral and back-up services to all libraries in the state; 3) direct library service to all blind and physically handicapped Montana residents; 4) staff consultation and services to individual libraries; and 5) direction to the six library federations. This program also administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of information resources and library information systems throughout the state. The program also manages the budgetary, personnel, and administrative functions of the State Library.

Program Reorganization - Montana State Library Digital Library Initiative - The Montana State Library (MSL) manages a unique collection of print and digital information; it is the point of access for state government publications, Montana-related digital maps and information related to Montana's natural resources. New methods of integrating and providing information offer an opportunity for reorganizing and refocusing MSL to create greater efficiency, reduced costs, and superior service to Montana decision-makers, businesses, students and citizens. This proposal builds on MSL's history of serving information, its staff expertise, and its nationally recognized success in serving digital natural resource information via the Internet.

MSL will merge and transform the Library Information Services department (LISD) and the Natural Resource Information System (NRIS) to create the Montana State Library Digital Library (Library), as a reliable, easily-accessible source for information. This Library will enable the state to more effectively meet growing demands for direct access to rapidly expanding information resources, as well as the business imperatives for greater efficiency and lower cost-for-service.

This proposal also builds upon the most unique parts of MSL's collection -- Montana-related holdings and information resources produced by state government. The Library's state documents depository provides a single point of access to all state agency publications; NRIS disseminates information on Montana's land, water, and biological resources and is the recognized source in Montana for geospatial information. MSL will build upon its strengths in information management and services, and the synergy of its diverse staff expertise to substantially increase access and benefits to information users.

What is the Digital Library? The Library will be a professionally catalogued, maintained and supported collection of state documents, Montana-relevant federal documents, reference materials and periodicals, and appropriate state agency data maintained in an integrated system -- all supported by professional librarians and information specialists, providing state of the art discovery, visualization and access tools, guided by library law and policies. The Library's holdings will be largely electronic in format and served through a broadly-known, state-of-the-art Internet portal. Although most of its resources will be digital, the Library will also continue to house relevant printed reference materials not available in digital format.

The Library will focus on meeting the needs of Montana's decision-makers (including state and local agency managers and business leaders) with information. In doing so, it will also ensure that all Montana citizens have access to information created by their government. A second focus will be to serve Montana libraries, which play a critical role in the state's information service network. As MSL transforms itself into a primarily digital library, it will be increasingly able to provide high quality Montana-relevant information, discovered remotely and delivered directly to users' desktops - in offices, libraries, schools, and homes.

The Library will not duplicate collections found in other libraries. It will complement DiscoveringMontana.com and state agency libraries by providing value-added organization, presentation and archival of important state documents and electronic information. It will partner with the Information Technology Services Division (ITSD), using Montana's strong information technology infrastructure to deliver information resources and services.

How does the MSL Digital Library reduce the cost of government? MSL will realize immediate cost savings by eliminating materials not germane to its new digital library role, and by reducing the number of staff required to support its former paper-based collection and services.

Library Commission-5115 Statewide Library Resources-01

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Consulting contacts*	8,638	9,675	11,558	12,700	14,000	15,500
Talking book circulation	138,629	146,888	145,384	145,900	147,000	148,500
Center activities-Mediated request*	6,018	7,035	7,637	7,180	6,000	6,000
Center activities- Visitor sessions to web based services	218,209	378,018	608,525	761,000	951,000	1,190,000

*actual indicator numbers are based on the actual numbers from two separate departments – LISD and NRIS. The estimated and requested indicator numbers are based on the merged Montana State Library Digital Library Initiative.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.50	0.00	4.00	28.50	0.00	4.00	28.50
Personal Services	1,084,425	(122,904)	281,049	1,242,570	(123,445)	280,273	1,241,253
Operating Expenses	704,647	(69,883)	601,448	1,236,212	(73,688)	601,513	1,232,472
Equipment	134,370	0	(52,787)	81,583	0	(52,787)	81,583
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862
Transfers	0	0	500,000	500,000	0	0	0
Total Costs	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170
General Fund	1,687,655	272,558	(64,584)	1,895,629	16,733	(64,612)	1,639,776
State/Other Special	167,502	(17,399)	664,712	814,815	(17,058)	635,256	785,700
Federal Special	906,567	294,127	505,000	1,705,694	(155,873)	30,000	780,694
Total Funds	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$623,425	FY04	\$140,105
FY05	(\$77,713)	FY05	(\$111,033)

PL- 4 - Standard Base Adjustments -

This decision package reestablishes zero-based per diem, increases federal authority to the estimated grant awards, realigns the biennial appropriation related to state aid, and reestablishes talking books base expenses that are coded into statewide fixed cost categories. FY0 2005 is negative because the biennial appropriation is pulled back into the first year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$17,398)	FY04	\$0
FY05	(\$17,057)	FY05	\$0

PL- 7009 - Reduce Expenses in the RIT Accounts -NRIS -

Alleviate an initially-projected negative balance in the renewable resources and reclamation and development accounts.

Library Commission-5115 Statewide Library Resources-01

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$219,000	FY04	\$90,337
FY05	\$219,000	FY05	\$90,337

NP- 1 - Restore OTO for Periodical E-Database -

First funded by the 55th Legislature, the project allows libraries to subscribe to an extensive magazine database. The database includes full-text articles from 5,812 magazines and journals in all subject fields, including health and business. The business source provides information on companies, markets and industries, market trends, mergers and acquisitions, current management theory, and company overviews. The periodical database is funded with \$90,337 general fund and \$128,663 coal severance tax annually.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,297,300	FY04	\$104,900
FY05	\$796,497	FY05	\$104,780

NP- 5 - NRIS Reorganization (Prg 7 to Prg 1) -

The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$127,365)	FY04	(\$127,365)
FY05	(\$127,365)	FY05	(\$127,365)

NP- 7006 - Reduce Reimbursements for Loans -

The Montana State Library Commission approved a reduction in the interlibrary loan reimbursement program by \$127,365 in each fiscal year. The program initially was funded at about \$300,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$132,456)	FY04	(\$132,456)
FY05	(\$132,364)	FY05	(\$132,364)

NP- 7007 - NRIS/LISD Reorganization Cost Savings -

By reorganizing NRIS into the LISD, the MSL Commission can achieve a general fund cost savings of \$132,456 and \$132,364 in FY 2004 and FY 2005, respectively. The MSL is eliminating 2.00 FTE, reducing operating by \$37,700 and library books by \$41,794 per year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$151,351)	FY04	\$0
FY05	(\$155,124)	FY05	\$0

NP- 7008 - Coal Tax Shared Account Reduction -

The Executive Budget is responsible for recommending the allocation among agencies of the coal severance tax shared account. In addition, it is recommended that the revenue to the account be reduced from 6.01 percent to 4.16 percent for the 2005 biennium based on passage and approval of a bill. Two areas are to be reduced: Federation funding will be reduced by \$97,217 and \$100,990 in FY 2004 and FY 2005, respectively, and the materials budget will be reduced by \$54,134 annually.

Library Commission-5115 Natural Resource Info System-07

**07 Natural Resource
Information System
Jim Hill x5355**

Program Description - The Natural Resources Information Services Program (NRIS) manages the natural resources and related data for the state. To avoid expensive duplication, NRIS provides a standard system for the acquisition, storage, retrieval, and management of this data, and manages the state's Water Information System. The program also administers the Montana Natural Heritage Program, a database on rare or exemplary plants, animals, communities, and geological features.

Program Reorganization – See the Montana State Library Digital Library Initiative under program 01.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	6.00	0.00	(6.00)	0.00	0.00	(6.00)	0.00
Personal Services	273,202	61,009	(334,211)	0	60,141	(333,343)	0
Operating Expenses	319,017	931	(319,948)	0	996	(320,013)	0
Equipment	23,141	0	(23,141)	0	0	(23,141)	0
Total Costs	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0
General Fund	86,441	13,946	(100,387)	0	13,826	(100,267)	0
State/Other Special	498,919	47,994	(546,913)	0	47,311	(546,230)	0
Federal Special	30,000	0	(30,000)	0	0	(30,000)	0
Total Funds	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0

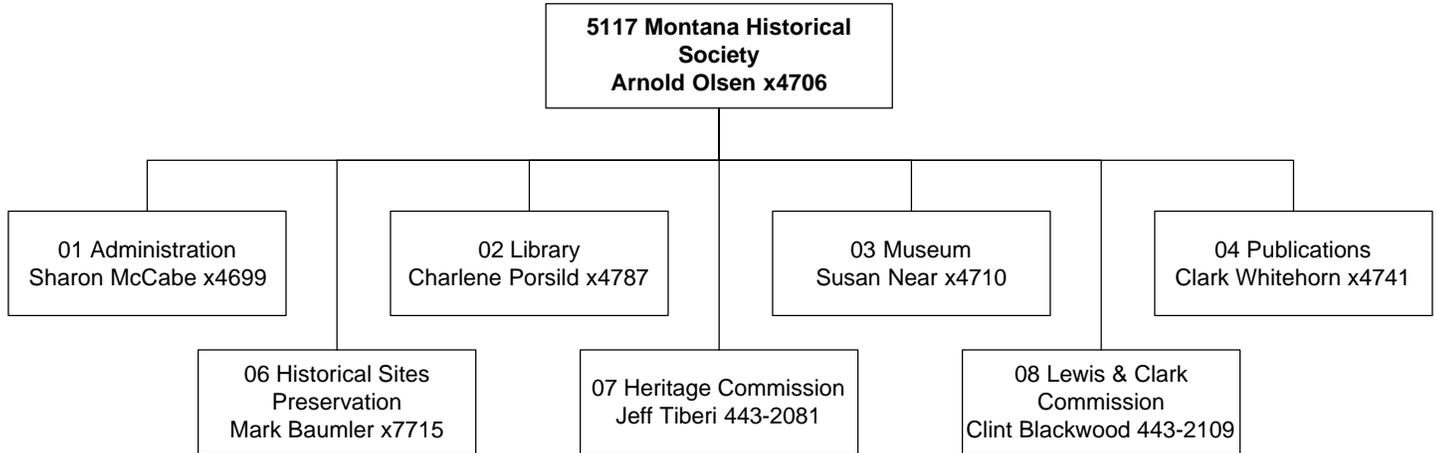
----- New Proposals -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$677,300)	FY04	(\$100,387)
FY05	(\$676,497)	FY05	(\$100,267)

NP- 5 - NRIS/LISD Reorganization -

The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information. All base expenditures in this program are zeroed out and moved into the Statewide Library Resources program

Historical Society-5117



Mission Statement - To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting--for its citizens and for all others--the use, understanding, appreciation, and enjoyment of those resources.

Statutory Authority - Title 22, Chapter 3, MCA.

Language - "It is the intent of the legislature that the department of commerce use lodging facility use taxes to fund \$617,008 in fiscal year 2004 and \$621,017 in fiscal year 2005 for the Montana historical society. This would be expended as follows:

	Fiscal Year 2004	Fiscal Year 2005
Historical Interpretation	\$196,857	\$193,627
Scriver Collection	120,151	127,390
Lewis and Clark Exhibit & Interpretation	100,000	100,000
Lewis and Clark Bicentennial Commission	200,000	200,000

The first three uses of lodging taxes are budgeted in items 1 and 3. The \$200,000 each fiscal year of the biennium for the Lewis and Clark bicentennial commission is a language appropriation."

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	57.63	0.35	(0.30)	57.68	0.35	(0.30)	57.68
Personal Services	2,214,608	146,047	(14,536)	2,346,119	149,984	(14,643)	2,349,889
Operating Expenses	1,196,718	23,602	114,881	1,335,201	13,570	114,882	1,325,170
Equipment	11,419	0	0	11,419	0	0	11,419
Grants	210,565	916	(22,629)	188,852	916	(22,575)	188,906
Transfers	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Total Costs	\$3,686,962	\$163,665	\$77,716	\$3,928,343	\$157,570	\$77,664	\$3,922,196
General Fund	1,803,840	20,486	(72,958)	1,751,368	6,467	(73,010)	1,737,297
State/Other Special	426,471	13,862	100,000	540,333	17,845	100,000	544,316
Federal Special	683,747	56,810	0	740,557	57,655	0	741,402
Proprietary	772,904	72,507	50,674	896,085	75,603	50,674	899,181
Total Funds	\$3,686,962	\$163,665	\$77,716	\$3,928,343	\$157,570	\$77,664	\$3,922,196

----- Agency General Fund Target - \$3.49 million -----

Historical Society-5117 Administration Program-01

01 Administration Sharon McCabe x4699
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Program Description - The Administration Program provides supervision, administration, and coordination of the five programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Visitors to the Society	75,856	75,339	62,319	68,000	80,000	80,000
Members *	1,234	1,024	1,299	1,300	1,300	1,300

*In fiscal year 2002 the Society revamped and renamed its "Special Member" Program, to its "Member Program".

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	14.50	0.00	(0.30)	14.20	0.00	(0.30)	14.20
Personal Services	631,424	36,477	(14,536)	653,365	37,472	(14,643)	654,253
Operating Expenses	489,499	102,515	15,674	607,688	86,740	15,674	591,913
Total Costs	\$1,120,923	\$138,992	\$1,138	\$1,261,053	\$124,212	\$1,031	\$1,246,166
General Fund	800,732	129,644	(49,536)	880,840	114,413	(49,643)	865,502
State/Other Special	184,030	501	0	184,531	908	0	184,938
Federal Special	92,075	1,925	0	94,000	1,925	0	94,000
Proprietary	44,086	6,922	50,674	101,682	6,966	50,674	101,726
Total Funds	\$1,120,923	\$138,992	\$1,138	\$1,261,053	\$124,212	\$1,031	\$1,246,166

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$36,413)	FY04	(\$36,413)
FY05	(\$36,413)	FY05	(\$36,413)

PL- 7000 - Gov Reductions - Public Service -

The Montana Historical Society will continue the FY 2003 Governor's reductions into the 2005 biennium including: limiting contact with our governing board; downsizing phone systems; reducing technology; limiting memberships in affiliated organizations; limiting newsletter and/or web services for members and constituents; limiting reference services for constituents offered by phone, travel, workshops; and reducing conservation of artifacts.

Historical Society-5117 Administration Program-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$1,000)	FY04	(\$1,000)
FY05	(\$1,674)	FY05	(\$1,674)

PL- 7002 - Reduction in Operating -

There is an additional reduction in operating expenses for the Administration Program to meet the Governor's target that will include further cuts in travel, printing and contract services, and a reduction in the hours that the museum and library will be open to the public.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$15,674	FY04	(\$35,000)
FY05	\$15,674	FY05	(\$35,000)

NP- 7002 - Fund Switch for Overhead for MHC & LCBC -

This fund switch redirects Administration Program costs from general fund to proprietary for anticipated overhead revenues from a 6 percent assessment in FY 2004 and a 7.5 percent assessment in FY 2005 to the Montana Heritage Commission and the Lewis and Clark Bicentennial Commission. Items to be funded with the overhead include legislatively-required annual reports, society informational brochures, phone and computer lines and fixed costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$14,536)	FY04	(\$14,536)
FY05	(\$14,643)	FY05	(\$14,643)

NP- 7005 - FTE Reduction - Community Outreach -

This reduction eliminates the society's 1.00 FTE community outreach position, which will reduce statewide outreach, including Web based activities, special educational projects, and special joint programs.

Historical Society-5117 Library Program-02

02 Library Charlene Porsild x4787
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Program Description - The Library Program consists of the library, archives, and photo archives functions. This program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs and related media, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West. This program houses the official Archives of State Government and the Legislature. It assists researchers seeking historical information.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of published items and photographs acquired	9,500	12,406	18,691	12,500	12,500	12,500
Linear feet of manuscripts and state records acquired	518	450	947	500	550	600
Reference service	17,600	16,419	22,315	24,000	24,500	25,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.75	0.00	0.00	13.75	0.00	0.00	13.75
Personal Services	523,640	18,418	0	542,058	18,229	0	541,869
Operating Expenses	114,473	(11,067)	(793)	102,613	(10,893)	(792)	102,788
Equipment	11,419	0	0	11,419	0	0	11,419
Total Costs	\$649,532	\$7,351	(\$793)	\$656,090	\$7,336	(\$792)	\$656,076
General Fund	595,418	2,447	(793)	597,072	2,384	(792)	597,010
State/Other Special	2,808	11	0	2,819	16	0	2,824
Proprietary	51,306	4,893	0	56,199	4,936	0	56,242
Total Funds	\$649,532	\$7,351	(\$793)	\$656,090	\$7,336	(\$792)	\$656,076

----- Present Law Adjustments -----

Total Agency Impact		General Fund Total	
FY04	(\$35,390)	FY04	(\$35,390)
FY05	(\$35,390)	FY05	(\$35,390)

PL- 7000 - Gov. Reduction - Public Service -

The FY 2003 Governor's reductions are continued, including reductions in processing incoming materials (books, archival documents, maps, newspapers, photographs) throughout the Library-Archives program; 2) reduction of materials conservation work; 3) and limiting reference services offered to Montana researchers in all program areas (in person and by phone and email)

----- New Proposals -----

Total Agency Impact		General Fund Total	
FY04	(\$793)	FY04	(\$793)
FY05	(\$792)	FY05	(\$792)

NP- 7002 - Reduction in Operating -

An additional reduction in operating expenses for the Library Program is required to meet the general fund target.

Historical Society-5117 Museum Program-03

03 Museum Sue Near x4710

Program Description - The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours and traveling exhibits. The program also houses the society's education office that orchestrates events, programs, and materials on Montana history for learners of all ages.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of exhibits*	33	31	31	24	19	21
Number of participants in Educational programs**	50,540	54,027	54,501	45,000	35,000	45,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	9.50	0.35	0.00	9.85	0.35	0.00	9.85
Personal Services	350,233	(15,423)	0	334,870	(14,612)	0	335,621
Operating Expenses	186,069	(79,795)	100,000	206,214	(76,730)	100,000	209,339
Total Costs	\$536,302	(\$95,218)	\$100,000	\$541,084	(\$91,342)	\$100,000	\$544,960
General Fund	289,129	(107,728)	0	181,401	(107,435)	0	181,694
State/Other Special	240,549	12,434	100,000	352,983	16,005	100,000	356,554
Proprietary	6,624	76	0	6,700	88	0	6,712
Total Funds	\$536,302	(\$95,218)	\$100,000	\$541,084	(\$91,342)	\$100,000	\$544,960

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,880	FY04	\$0
FY05	\$5,846	FY05	\$0

PL- 10 - Scriver Collections Storage Rent -

This is a non-general fund request for \$8,726 in rent for the Scriver collection storage to pay a negotiated, long-term 20-year lease with a three percent annual increase including utility costs. It is requested that this decision package be funded with accommodations tax. The savings to the state will be considerable over the life of the 20-year lease. The Scriver collection is valued at \$15 million.

Historical Society-5117 Museum Program-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$17,493	FY04	\$0
FY05	\$17,493	FY05	\$0

PL- 14 - Correct Expenditure Coding - Scriver Rent -

This is a non-general fund request to continue \$34,986 rent expenditures (\$17,493 in FY 2004 and \$17,493 in FY 2005) to correct an expenditure coding error. This amount was expended in FY 2002; however, it was recorded in a fixed cost account code that did not carry forward into the base budget.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,680	FY04	\$0
FY05	\$5,789	FY05	\$0

PL- 15 - Historical Interpretation FTE -

This is a non-general fund request for \$11,469 to increase the tour supervisor position to a 0.50 FTE. Currently the position is authorized at 0.15 FTE. But late in FY 2002, the position was separated off from a 0.65 FTE position and an operating change was requested and approved to actually fund the position at 0.50 FTE in the current year. This adjustment will align the authorized FTE level with the actual FTE work level.

Accommodations tax used for historical Interpretation is for the Capitol tour guides, the Original Governor's Mansion tours and OGM special events, preservation and restoration of the OGM, "on-the-lawn" and indoor society special programs and commemorations, specialized adult and family tours, staff and volunteer tour guide training, interpretive brochures and handouts, family activity kits and interactive exhibit components.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$127,404)	FY04	(\$127,854)
FY05	(\$127,854)	FY05	(\$127,854)

PL- 7000 - Public Service Reductions -

The Museum Program budget reductions will result in less curatorial work accomplished including fewer collections acquired, cataloged, and preserved; less technical assistance and public service to Montana community museums and historical societies; reduced ability to coordinate work with Montana businesses needing society images; less ability to honor loan requests from sister institutions around Montana and the nation; fewer public programs and educational activities and events offered; and possible reduction in museum visitor hours and school tour opportunities. This decision package continues \$26,715 of Governor's reductions and \$43,661 of the global special session reductions.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$100,000	FY05	\$0

NP- 7009 - Lewis and Clark Interpretation -

The L&C Exhibit and Interpretations is to help develop and initiate the \$500,000 long-term new Lewis and Clark exhibit entitled "Neither Empty Nor Unknown" that is planned for May 2005 through 2007 in the Haynes Gallery and Auditorium. The early work will include conservation of archival materials and artifacts to allow their safe use in exhibit displays. The \$100,000 accommodations funding each year will be utilized to help ensure that tourists are provided an interesting and educational visit to the society and will stay an additional day in Montana. Sixty-six percent of the museum visitation is from out-of-state and another 20 percent is from outside the Helena area.

Historical Society-5117 Publications Program-04

04 Publications Clark Whitehorn x4741
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Program Description - The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award-winning Montana The Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the museum store.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Subscribers to magazine	6,090	5,321	5,558	5,000	5,200	5,500
Number of books published By the Society Press	6	3	4	3	3	3

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.38	0.00	0.00	10.38	0.00	0.00	10.38
Personal Services	346,287	49,875	0	396,162	51,628	0	397,915
Operating Expenses	324,601	10,741	0	335,342	11,985	0	336,586
Transfers	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Total Costs	\$724,540	\$53,716	\$0	\$778,256	\$56,713	\$0	\$781,253
General Fund	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Proprietary	670,888	60,616	0	731,504	63,613	0	734,501
Total Funds	\$724,540	\$53,716	\$0	\$778,256	\$56,713	\$0	\$781,253

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$6,900)	FY04	(\$6,900)
FY05	(\$6,900)	FY05	(\$6,900)

PL- 7000 - Gov Reductions - Public Service -

The Governor's reductions are continued, requiring the program to evaluate all aspect of magazine and book production in order to reduce costs, such as accepting reduced quality of materials or printing standards; reducing the size of the magazine; and limiting the number of magazine issues or books published.

Historical Society-5117 Historic Preservation Program-06

**06 Historic Sites Preservation
Mark Baumler x7715**

Program Description - The Historic Sites Preservation Program administers the Montana Antiquities Act and Montana's participation in federal Historic Preservation Act and the federal grants-in-aid for historic preservation. Staff provide technical assistance to all Montana property owners. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits to citizens and businesses authorized by the Tax Reform Act of 1976. The program awards federal grants to local governments, communities, and individuals for: 1) the Certified Local Government Program, 2) historic survey and planning for historic areas, and 3) bricks and mortar rehabilitation when funds are available.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Construction projects created with SHPO assistance	1,202	1,700	2,212	2,200	2,000	2,000
Newly listed properties on the National Register of Historic Places	11	21**	14	15	18	18

** FY2001 includes one community district with over 600 individual contributing buildings.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	9.50	0.00	0.00	9.50	0.00	0.00	9.50
Personal Services	363,024	56,640	0	419,664	57,267	0	420,291
Operating Expenses	82,076	1,268	0	83,344	2,468	0	84,544
Grants	211,481	0	(22,629)	188,852	0	(22,575)	188,906
Total Costs	\$656,581	\$57,908	(\$22,629)	\$691,860	\$59,735	(\$22,575)	\$693,741
General Fund	64,909	3,023	(22,629)	45,303	4,005	(22,575)	46,339
Federal Special	591,672	54,885	0	646,557	55,730	0	647,402
Total Funds	\$656,581	\$57,908	(\$22,629)	\$691,860	\$59,735	(\$22,575)	\$693,741

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$4,400)	FY04	(\$4,400)
FY05	(\$4,400)	FY05	(\$4,400)

PL- 7000 - Gov. Reduction - Public Service -

The Governor's reductions are continued, reducing public service and outreach activities including visitation of property owners and properties for possible listing in the National Register of Historic Places; and reducing on-site consultation with building owners interested in federal tax credit project investments or other technical assistance as preservation work gets underway.

**Historical Society-5117
Historic Preservation Program-06**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$22,629)	FY04	(\$22,629)
FY05	(\$22,575)	FY05	(\$22,575)

NP- 7003 - Preservation Grant Fund Reduction -

This adjustment removes general fund in a Historic Preservation Office position and replaces it with federal preservation grant dollars. This change will require a reduction in preservation grants for Montana properties listed in the National Register of Historic Places and, therefore, is not shown as a fund switch.

Historical Society-5117 Lewis & Clark Bicentennial-08

**08 Lewis & Clark Commission
Clint Blackwood 443-2109**

Program Description - The Montana Lewis and Clark Bicentennial Commission was statutorily created by the 1997 State Legislature. Its main mission is to provide statewide leadership, communication, and coordination in planning and implementing the Lewis and Clark Bicentennial observance in Montana, which will be held from 2003-2006. The commission has 12 Governor-appointed commissioners serving three-year staggered terms.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	(916)	916	0	0	916	0	0	0
Total Costs	(\$916)	\$916	\$0	\$0	\$916	\$0	\$0	\$0
State/Other Special	(916)	916	0	0	916	0	0	0
Total Funds	(\$916)	\$916	\$0	\$0	\$916	\$0	\$0	\$0

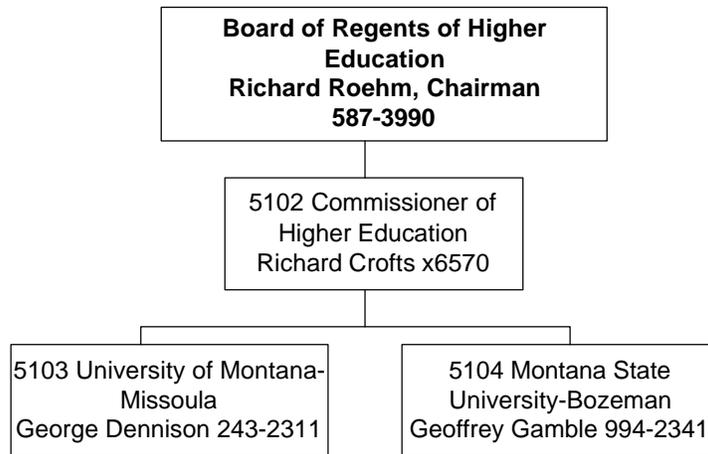
----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>	
FY04	\$916	FY04	\$0
FY05	\$916	FY05	\$0

PL- 16 - Lewis & Clark Authority -

This request is a correction of an account code. The request is to zero out the negative budget request with a result of a zero request.

Commissioner Of Higher Ed-5102



Mission Statement - To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Statutory Authority - Article X, Section 9, Montana Constitution and 2-15-1506, MCA

Program Indicators

The Montana University System plans to incorporate some of the goals and accountability measures that have been recommended by the Post-Secondary Education Policy and Budget Committee. Therefore, many of the previously identified program indicators have been eliminated.

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Degree Productivity:						
Associate	785	819	830	840	850	860
Bachelors	4,74	4,443	4,475	4,500	4,500	4,500
Masters	907	941	950	900	900	900
Doctorate	65	56	70	65	65	65
Montana AVG Resident Undergrad Tuition as a Percentage of WICHE State's AVG 4-year	107%	108%	114%	124%	125%	125%
Instruction as a Percent of Current Unrestricted Funding	54.5%	54.1%	53%	53.8%	54%	54%
Growth in 2-year education Total FTE	5,145	5208	5,538	5,611	5,723	5,837
Research Expenditures (in millions)	\$105.5	\$104	\$114	\$126.2	\$130.1	\$134.1
Resident Enrollment	24,606	24,851	25,567	26,305	26,866	27,459
Resident Enrollment in Community Colleges	1,983	2,001	2,156	2,256	2,322	2,369
Credit by Exam (4-year campuses) # of Credits	4,408	4,815	4,959	5,108	5,261	5,419

Commissioner Of Higher Ed-5102

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	87.06	0.00	3.00	90.06	0.00	3.00	90.06
Personal Services	3,628,252	64,454	102,347	3,795,053	63,374	102,347	3,793,843
Operating Expenses	5,552,896	(92,516)	0	5,460,380	(116,065)	0	5,436,831
Equipment	9,895	0	0	9,895	0	0	9,895
Local Assistance	5,942,089	865,380	(918,709)	5,888,760	981,888	(1,032,218)	5,891,759
Grants	11,555,950	1,284,379	0	12,840,329	1,439,416	0	12,995,366
Benefits & Claims	23,340,271	3,000,000	0	26,340,271	6,000,000	0	29,340,271
Transfers	140,590,264	3,183,353	(6,299,126)	137,474,491	3,986,291	(7,105,514)	137,471,041
Total Costs	\$190,619,617	\$8,305,050	(\$7,115,488)	\$191,809,179	\$12,354,904	(\$8,035,515)	\$194,939,006
General Fund	138,589,358	5,316,012	(7,217,835)	136,687,535	6,235,911	(8,137,732)	136,687,537
State/Other Special	12,618,636	482,364	0	13,101,000	610,363	0	13,228,999
Federal Special	39,411,623	2,506,674	102,347	42,020,644	5,508,630	102,217	45,022,470
Total Funds	\$190,619,617	\$8,305,050	(\$7,115,488)	\$191,809,179	\$12,354,904	(\$8,035,515)	\$194,939,006

----- Agency General Fund Target - \$273.38 million -----

Language -

"Items 1 through 3 and 5 through 7b, 9 and 10 are a single biennial lump-sum appropriation."

"Total audit costs of the office of the commissioner of higher education are estimated to be \$38,381."

"Total Summitnet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 53% of the total Summitnet costs. The remaining 47% of these costs must be paid from funds other than those appropriated in item 4. Summitnet costs for each year may not exceed \$8,000 each for Dawson and Miles community colleges and \$9,000 for Flathead Valley community college."

"Total audit costs are estimated to be \$54,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 53% of the total audit costs in fiscal year 2005. The remaining 47% of these costs must be paid from funds other than those appropriated in item 4a. Audit costs for the biennium may not exceed \$16,000 each for Dawson and Miles community colleges and \$22,000 for Flathead Valley community college."

"Revenue appropriated to the Montana university system units and colleges of technology includes:

- (1) state special revenue from interest earnings of \$1,460,000 each year of the 2005 biennium;
- (2) tuition revenue of \$151,512,000 in fiscal year 2004 and \$153,414,000 in fiscal year 2005; and
- (3) other revenue of \$1,183,000 each year of the 2005 biennium.

These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item 7."

"Item 7 includes \$1,024,220 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$157,100 in fiscal year 2004 and \$135,100 in fiscal year 2005; Montana tech of the university of Montana, \$28,000; Montana state university-northern, \$87,800 in fiscal year 2004 and \$83,800 in fiscal year 2005; Montana state university-Bozeman \$58,000; Montana state university-Billings, \$161,500; and western Montana college of the university of Montana, \$12,410."

"Item 7 includes a total of \$44,253 of general fund money for the 2005 biennium for the Montana natural resources information system (NRIS). The Montana university system shall pay an additional \$44,253 for the 2005 biennium in current funds in support of NRIS. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Commissioner Of Higher Ed-5102

"Total audit costs are estimated to be \$473,188 for the university system other than the office of the commissioner of higher education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item 7a."

"University system unit is defined in 17-7-102(13). For all university system units, except the office of the commissioner of higher education, all funds (other than plant funds appropriated in House Bill No. 5, relating to long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the board of regents by October 1 of each year. For all university system 4-year units and colleges of technology, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Transfers and related justifications must be submitted to the office of budget and program planning and to the legislative fiscal analyst."

"All university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the standards of accounting and reporting, as described by the national college and university business officers, as a minimum for achieving consistency."

"The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g. The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets."

"Revenue appropriated to the agricultural experiment station includes:

- (1) state special revenue from interest earnings and other revenue of \$184,472 each year of the 2005 biennium;
- (2) federal revenue of \$2,022,075 in fiscal year 2004 and \$2,022,078 in fiscal year 2005; and
- (3) proprietary revenue from sales of \$939,881 in fiscal year 2004 and \$939,881 in fiscal year 2005. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item 7c."

"The general fund money in item 7d is appropriated with the condition that, prior to the expenditure of the general fund money, the Montana agricultural experiment station collect \$140,000 of private, nonpublic money each year of the 2005 biennium for the purpose of supporting the institute for biobased products and food science."

"Revenue appropriated to the extension service includes:

- (1) state special revenue from interest earnings of \$20,606 each year of the 2005 biennium; and
- (2) federal revenue of \$2,490,698 in fiscal year 2004 and \$2,485,644 in fiscal year 2005. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item 7e."

"General fund money of \$90,000 each year of the 2005 biennium in item 7f is a biennial, one-time-only appropriation for one staff person and for expenses for the Montana beef network within the extension service."

"Interest revenue of \$4,858 each year of the 2005 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in item 7g."

"Proprietary revenue of \$29,157 each year of the 2005 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in item 7h."

"Interest revenue of \$1,545 each year of the 2005 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in item 7i."

Commissioner Of Higher Ed-5102 Administration Program-01

01 Administration Richard Crofts x6570
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Program Description - The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his powers and duties.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	15.40	0.00	0.00	15.40	0.00	0.00	15.40
Personal Services	1,050,354	(36,022)	0	1,014,332	(37,325)	0	1,013,029
Operating Expenses	322,390	10,288	0	332,678	(14,874)	0	307,516
Total Costs	\$1,372,744	(\$25,734)	\$0	\$1,347,010	(\$52,199)	\$0	\$1,320,545
General Fund	1,372,744	(25,734)	0	1,347,010	(52,199)	0	1,320,545
Total Funds	\$1,372,744	(\$25,734)	\$0	\$1,347,010	(\$52,199)	\$0	\$1,320,545

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$3,249	FY04 \$3,249
FY05 \$3,249	FY05 \$3,249

PL- 11 - Scheduled Rent Payments -

In the base year, the Office of Commissioner of Higher Education was able to charge the School to Work grant for a portion of the office rent expense. That grant is no longer available.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,960	FY04 \$6,960
FY05 \$6,960	FY05 \$6,960

PL- 12 - Scheduled Computer Replacements -

The Office of Commissioner of Higher Education four-year computer replacement calls for four new PCs and printers each year of the 2005 biennium.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$80,927)	FY04 (\$80,927)
FY05 (\$80,927)	FY05 (\$80,927)

PL- 7010 - Global Special Session Reductions -

The special session reductions applied to the Administration Program are continued. For FY 2003, the program charged administrative costs to revenue from various grants.

Commissioner Of Higher Ed-5102 Student Assistance Program-02

02 Student Assistance
Laurie Tobol x0322

Program Description - This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	99,000	6,000	0	105,000	9,000	0	108,000
Grants	8,294,230	198,655	0	8,492,885	450,192	0	8,744,422
Total Costs	\$8,393,230	\$204,655	\$0	\$8,597,885	\$459,192	\$0	\$8,852,422
General Fund	8,242,606	166,294	0	8,408,900	420,831	0	8,663,437
Federal Special	150,624	38,361	0	188,985	38,361	0	188,985
Total Funds	\$8,393,230	\$204,655	\$0	\$8,597,885	\$459,192	\$0	\$8,852,422

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$395,473	FY04 \$395,473
FY05 \$650,010	FY05 \$650,010

PL- 2 - WICHE/ WWAMI/ MN Dental -

Adjustments for the Professional Programs of WICHE/ WWAMI/ MN Dental carry forward the authorized slots from the last legislative session with the projected increases in support costs and add new slots.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$38,361	FY04 \$0
FY05 \$38,361	FY05 \$0

PL- 3 - Increase Federal Financial Aid -

Increase the federal financial aid for the MHEG and Special Leveraging Educational Assistance Partnership based on FY 2003 allocations.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$229,179)	FY04 (\$229,179)
FY05 (\$229,179)	FY05 (\$229,179)

PL- 7010 - Global Special Session Reduction -

Continue the special session reductions that were applied to the Student Assistance Program. Reductions were targeted to the state Baker program.

Commissioner Of Higher Ed-5102 Dde Mathematics & Sci Ed Act-03

**03 Eisenhower Math & Science
Education**
Joyce Scott x0312

Program Description - This program is a federal grant program aimed at upgrading teaching skills of teachers in math and science.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	489	(489)	0	0	(489)	0	0
Operating Expenses	209	17	0	226	17	0	226
Grants	47,123	260,684	0	307,807	260,684	0	307,807
Total Costs	\$47,821	\$260,212	\$0	\$308,033	\$260,212	\$0	\$308,033
Federal Special	47,821	260,212	0	308,033	260,212	0	308,033
Total Funds	\$47,821	\$260,212	\$0	\$308,033	\$260,212	\$0	\$308,033

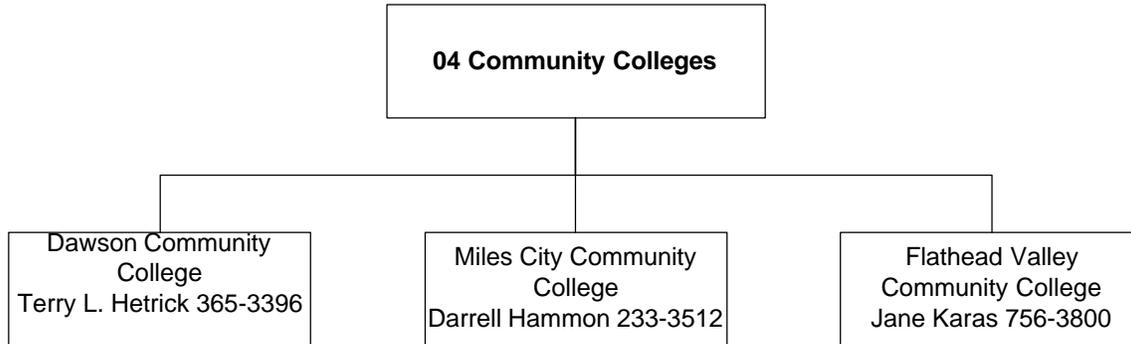
----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$260,684	FY04	\$0
FY05	\$260,684	FY05	\$0

PL- 31 - Increase Federal Funding - Eisenhower -

Adjustment is necessary due to an increase in federal funds, plus authority to spend the estimated carryover by the Office of the Commissioner of Higher Education.

Commissioner Of Higher Ed-5102 Community College Assistance-04



Program Description - This program distributes funds appropriated by the Legislature in support of the three community colleges: Miles Community College, Dawson Community College and Flathead Valley Community College. Each community college district has an elected board of trustees. The regents have statutory authority to control the community colleges in Title 20, Chapter 15, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	5,843,089	859,380	(918,709)	5,783,760	972,888	(1,032,218)	5,783,759
Total Costs	\$5,843,089	\$859,380	(\$918,709)	\$5,783,760	\$972,888	(\$1,032,218)	\$5,783,759
General Fund	5,843,089	859,380	(918,709)	5,783,760	972,888	(1,032,218)	5,783,759
Total Funds	\$5,843,089	\$859,380	(\$918,709)	\$5,783,760	\$972,888	(\$1,032,218)	\$5,783,759

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$859,380	FY04 \$859,380
FY05	\$972,888	FY05 \$972,888

PL- 3 - Annualize CC Payplan and Adjust Students -

This decision package annualizes the state share of the payplan in the per student support calculation, and updates resident enrollment projections for the 2005 biennium. Enrollments are projected to grow from 2,152 resident students in the FY 2002 base to 2,322 students in FY 2004 and 2,369 students in FY 2005.

The base increase is \$1,207,259 in FY 2004 and \$1,320,767 in FY 2005. The special session reductions to the community colleges have been applied to this increase. This reduction was \$347,879.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$918,709)	FY04 (\$918,709)
FY05	(\$1,032,218)	FY05 (\$1,032,218)

NP- 1000 - Meeting Governor's Target -

These are the allocated reductions to meet the general fund target.

Commissioner Of Higher Ed-5102 Talent Search-06

06 Education Talent Search
Rene' Dubay x0334

Program Description - This program is primarily a federally-funded program to decrease the dropout rate of disadvantaged students in high schools and increase their enrollment in post-secondary education.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	20.46	0.00	0.00	20.46	0.00	0.00	20.46
Personal Services	714,453	81,926	0	796,379	81,449	0	795,902
Operating Expenses	856,708	(5,908)	0	850,800	(5,683)	0	851,025
Grants	904,188	0	0	904,188	0	0	904,188
Total Costs	\$2,475,349	\$76,018	\$0	\$2,551,367	\$75,766	\$0	\$2,551,115
General Fund	83,839	8,509	0	92,348	8,389	0	92,228
Federal Special	2,391,510	67,509	0	2,459,019	67,377	0	2,458,887
Total Funds	\$2,475,349	\$76,018	\$0	\$2,551,367	\$75,766	\$0	\$2,551,115

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$6,135)	FY04 (\$6,135)
FY05	(\$6,135)	FY05 (\$6,135)

PL- 7010 - Global Special Session Reductions -

Continue the special session reductions that were applied to the Minority Achievement Program.

Commissioner Of Higher Ed-5102 Work Force Development Pgm-08

**08 Carl Perkins &
School to Work**
Arlene Parisot x0316

Program Description - The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and post-secondary levels.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	234,165	(27,896)	0	206,269	(27,461)	0	206,704
Operating Expenses	198,527	(97,989)	0	100,538	(97,936)	0	100,591
Grants	2,213,909	825,040	0	3,038,949	825,040	0	3,038,949
Transfers	5,140,179	(1,599,517)	0	3,540,662	(1,599,517)	0	3,540,662
Total Costs	\$7,786,780	(\$900,362)	\$0	\$6,886,418	(\$899,874)	\$0	\$6,886,906
General Fund	65,279	9,020	0	74,299	9,020	0	74,299
Federal Special	7,721,501	(909,382)	0	6,812,119	(908,894)	0	6,812,607
Total Funds	\$7,786,780	(\$900,362)	\$0	\$6,886,418	(\$899,874)	\$0	\$6,886,906

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$914,214)	FY04 \$0
FY05 (\$914,126)	FY05 \$0

PL- 81 - Federal Funds Adjustment -

Removes the School to Work federal program from the base year. This reduction totals \$2.1 million. The Carl Perkins Vocational grant is increased by \$1.2 million based upon the expected federal authority plus anticipated carryover from FY 2003.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$5,701)	FY04 (\$5,701)
FY05 (\$5,701)	FY05 (\$5,701)

PL- 7010 - Global Special Session Reductions -

Continue the special session reductions that were applied to the Carl Perkins Program.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

09 Distribution

Program Description -

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to: 1) distance learning programs, the family practice residency program administered through MSU-Bozeman, and the university system units and colleges of technology, which are all included in the lump sum appropriation; and 2) the research/public service agencies.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	135,450,085	4,782,870	(6,299,126)	133,933,829	5,585,808	(7,105,514)	133,930,377
Total Costs	\$135,450,085	\$4,782,870	(\$6,299,126)	\$133,933,829	\$5,585,808	(\$7,105,514)	\$133,930,377
General Fund	122,831,449	4,300,506	(6,299,126)	120,832,829	4,975,445	(7,105,514)	120,701,378
State/Other Special	12,618,636	482,364	0	13,101,000	610,363	0	13,228,999
Total Funds	\$135,450,085	\$4,782,870	(\$6,299,126)	\$133,933,829	\$5,585,808	(\$7,105,514)	\$133,930,377

Educational Units

Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	FY 2002	Adjustments	Proposals	Ex. Budget	Adjustments	Proposals	Ex. Budget
	FY 2002	Fiscal 2004	Fiscal 2004	FY 2004	Fiscal 2005	Fiscal 2005	FY 2005
UM-Missoula	36,782,114	2,393,814		39,175,928	2,299,533		39,081,647
UM-Tech	9,649,621	618,207		10,267,828	562,548		10,212,169
UM-Western	4,436,578	233,226		4,669,804	202,684		4,639,262
UM-Helena COT	2,433,998	156,142		2,590,140	142,857		2,576,855
MSU-Bozeman	39,201,751	2,965,247		42,166,998	2,827,623		42,029,374
MSU Billings	14,402,305	836,674		15,238,979	779,622		15,181,927
MSU-Northern	6,671,086	417,859		7,088,945	386,935		7,058,021
MSU-Great Falls	3,039,084	310,063		3,349,147	298,180		3,337,264
Other Transfers	100,000			100,000			100,000
Distance Learning	100,000	(12,798)		87,202	(12,798)		87,202
Resident Enrollment Growth		3,515,929		3,515,929	4,635,663		4,635,663
Fee Waiver Increase		903,000		903,000	991,000		991,000
Continuation of the \$100 Per Resident Student inc.		2,500,000		2,500,000	2,500,000		2,500,000
SS Reduct.- (Applied to Enr, Fee Waiv., \$100 Res Stud.Inc.)		(6,918,929)		(6,918,929)	(8,126,663)		(8,126,663)
SS Reduct.- (Applied to Statewide PLAs)		(3,537,998)		(3,537,998)	(2,330,264)		(2,330,264)
Achieve Governor's Target - Ed. Lump			(6,144,939)	(6,144,939)		(6,924,870)	(6,924,870)
Yellow Bay - Restore OTO			98,250	98,250		98,250	98,250
Family Practice Residency Program - Bozeman	341,200	(21,833)		319,367	(21,833)		319,367
Great Falls Dental Hygiene Program		119,683		119,683	119,683		119,683
Motorcycle Safety Education - Northern	149,724	50,276		200,000	50,276		200,000
Total	\$117,307,461	\$4,528,562	(\$6,046,689)	\$115,789,334	\$5,305,046	(\$6,826,620)	\$115,785,887
General Fund	105,288,825	4,112,198	(6,046,689)	103,354,334	4,760,682	(6,826,620)	103,228,887
Statewide Six Mill Levy	11,868,912	366,088		12,235,000	494,088		12,363,000
Other Special Revenue	149,724	50,276		200,000	50,276		200,000
State Funds	\$117,307,461	\$4,528,562	(\$6,046,689)	\$115,789,334	\$5,305,047	(\$6,826,620)	\$115,785,887

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$119,683	FY04	\$119,683
FY05	\$119,683	FY05	\$119,683

PL- 7 - Dental Hygiene Program -

Continue the appropriation at the same level that was approved in HB 395 of the 2001 legislative session for the Great Falls College of Technology.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,276	FY04	\$0
FY05	\$50,276	FY05	\$0

PL- 92 - Motorcycle Safety Training Adjust to Rev. Est. -

The motorcycle safety training fund is projected to have \$400,000 of revenue over the 2005 biennium. This adjusts the appropriation up to the estimate. The fund received \$204,129 in FY 2002.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$63,292	FY04	\$63,292
FY05	\$81,174	FY05	\$83,174

PL- 906 - Water, Sewer, Elevator, Small Misc. -

This adjustment is for the state share for reported water, sewer and other small miscellaneous items reported by the educational units.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$197,956)	FY04	(\$197,956)
FY05	(\$194,791)	FY05	(\$194,791)

PL- 907 - Recharge & Admin. Assessment -

The adjustment reflects the state share related to recharges on the MSU campus and to the administrative assessment at UM-Missoula. The anticipated adjustment is a reduction of \$171,045 and \$159,704 in FY 2004 and FY 2005 for Missoula; a reduction of \$273,802 and \$341,241 in FY 2004 and FY 2005 for MSU Bozeman; an increase in \$198,876 and \$241,470 at the Agricultural Experiment Station; an increase in \$41,678 and \$57,755 in FY 2004 and FY 2005 at Extension Services; and an increase of \$6,337 and \$6,909 in FY 2004 and FY 2005 at the Fire Services Training School.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,740,138	FY04	\$4,740,138
FY05	\$5,554,838	FY05	\$5,554,838

PL- 7800 - Statewide Adjustments - Educational Units -

The state share of the statewide present law adjustments for the educational units is \$8,278,136 and \$7,885,102 in FY 2004 and FY 2005, respectively. This increase is reduced by \$3,537,998 and \$2,330,264 to continue the special session reductions to the education units. Special session reductions were first used to zero-out enrollment growth, fee waivers and the \$100 per resident student increase.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$98,250	FY04	\$98,250
FY05	\$98,250	FY05	\$98,250

NP- 920 - Yellow Bay – Restore OTO -

This request continues the Yellow Bay line-item to the average of FY 2002 and FY 2003 appropriated after the special session. The Yellow Bay appropriation was an OTO last biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$6,144,936)	FY04	(\$6,144,936)
FY05	(\$6,924,870)	FY05	(\$6,924,870)

NP- 7900 - Achieving the Governor's Target -Lump Programs -

The 2005 biennial target for the MUS Lump Sum Programs was equal to the FY 2002 appropriation plus the FY 2003 appropriation after the special session. This decision package reduces the total MUS budget down to the general fund target.

The Commissioner's Office of Higher Education (OCHE) has indicated that the Board of Regents will make the final determination on reductions. The Board of Regents will be meeting November 21 and 22nd to take up this issue. Ideas brought forward by the OCHE to the Office of Budget and Program Planning include:

1. Continue the reductions made in FY 2003 for Baker Grants (MTAP). CHE may also need to look at additional reductions in this area.
2. Reduce the WICHE/WWAMI/Minnesota Dental slots available for Montana students to pursue professional education. CHE is limited to reducing new student slots in this program.
3. Additional program reviews which identify programs with low productivity for examination and potential elimination would continue and standards for review may be increased.
4. OCHE will continue to press for administrative consolidation where potential efficiencies can be identified through these actions.
5. Continue the tuition surcharge.
6. Consider additional across-the-board and specific program reductions for the campuses.
7. Consider additional tuition increases beyond the revenue raised by the current tuition surcharges.

Agricultural Experiment Station

**Agricultural
Experiment Station**
Sharron Quisenberry 994-3681

Mission Statement - To conduct research relating to agriculture, natural resources, and rural life; and to distribute the resulting information among the people of Montana.

Statutory Authority – 20-25-222, 0-25-225 through 20-25-236, MCA

Program Description - The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the Legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. The agency is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service. The Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the U.S. Department of Agriculture, Agricultural Research Service, and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- Present Law Adjustments -----

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	216.79	0.00	0.00	216.79	0.00	0.00	216.79
Personal Services	10,807,939	574,468		11,382,407	568,742		11,376,681
Operating Costs	2,140,187	97,845	(384,029)	1,854,003	139,474	(419,729)	1,859,732
Equipment	373,111	(318,053)		55,058	(318,053)		55,058
Debt Service	35,259	-		35,259			35,259
Total Funds	\$13,356,496	\$354,260	(\$384,029)	\$13,326,727	\$390,163	(\$419,729)	\$13,326,730
State Funds							
General Fund	10,302,324	33,457	(155,482)	10,180,299	60,325	(182,350)	10,180,299
Subtotal State Funds	10,302,324	33,457	(155,482)	10,180,299	60,325	(182,350)	10,180,299
University Funds							
Federal Funds	2,021,816	152,424	(152,165)	2,022,075	161,459	(161,197)	2,022,078
Sales & Service	1,016,263		(76,382)	939,881		(76,382)	939,881
Interest and Other	16,093	168,379	-	184,472	168,379		184,472
Subtotal University Funds	3,054,172	320,803	(228,547)	3,146,428	329,838	(237,579)	3,146,431
Total Current Unrestricted Operating Fund	\$13,356,496	\$354,260	(\$384,029)	\$13,326,727	\$390,163	(\$419,929)	\$13,326,730

Notes: AES received of \$10,302,324 in state support, \$2,021,816 in federal, \$1,058,603 in sales, \$183,225 in interest in FY 2002.
The base budget (FY 2002) was adjusted (increased) by \$59,618 for accounting corrections on SABHRS.
\$200,000 of general fund for the Ag Bio Based Institute program is reflected in the base.
AES estimates for federal revenue, sales, and interest.

The table above reflects an increase in recharges from MSU Bozeman to the Agricultural Experiment Station (AES). Recharges are being considered as one decision package (PL907), and it is contained with the educational units. The increase in the state share to AES is \$198,876 in FY 2004 and \$241,470 in FY 2005

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$165,419)	FY04 (\$165,419)
FY05 (\$181,145)	FY05 (\$181,145)

PL- 7801 - Statewide Adjustments -AES -

For the AES, the state share of the present law adjustment is \$627,977 in FY 2004 and \$612,251 in FY 2005, offset by continuing the special session reductions of \$793,396. AES reduced personal services by \$346,835 by eliminating five faculty and three professional positions, reducing operating expenses by \$53,561 and equipment by \$393,000 during FY 2003.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$155,482)	FY04 (\$155,482)
FY05 (\$182,350)	FY05 (\$182,350)

NP- 7901 - Achieving the Governor's Target - AES -

The general fund target for Agricultural Experiment Station was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, AES must reduce its budget by an additional \$155,482 and \$182,350 in FY 2004 and FY 2005 respectively. AES is considering a plan to eliminate positions beyond the 5 faculty positions lost in the FY 2003 special session reductions.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Montana Extension Services

Montana Extension Service
David Bryant 994-6647

Mission Statement - The Extension Services is an educational resource dedicated to improving the quality of people's lives by providing research-based knowledge to strengthen the social, economic and environmental well-being of families, communities and agricultural enterprises.

Statutory Authority – 20-25-235, MCA

Program Description - The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, family and consumer science, and human resource development. It serves 54 of the 56 counties through 52 county extension offices. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments from available research information.

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	116.63	0.00	0.00	116.63	0.00	0.00	116.63
Personal Services	5,728,361	413,132	90,000	6,231,493	420,838	90,000	6,239,199
Operating Costs	561,496	133,830	(87,415)	607,911	126,463	(92,808)	595,151
Total Funds	\$6,289,857	\$546,962	\$2,585	\$6,839,404	\$547,301	(\$2,808)	\$6,834,350
State Funds							
General Fund	4,242,336	83,179	2,585	4,328,100	88,572	(2,808)	4,328,100
Subtotal State Funds	4,242,336	83,179	2,585	4,328,100	88,572	(2,808)	4,328,100
University Funds							
Federal Funds	2,026,915	463,783	0	2,490,698	458,729	0	2,485,644
Interest and Other	20,606	0	0	20,606	0	0	20,606
Subtotal University Funds	2,047,521	463,783	0	2,511,304	458,729	0	2,506,250
Total Current Unrestricted Operating Fund	\$6,289,857	\$546,962	\$2,585	\$6,839,404	\$547,301	(\$2,808)	\$6,834,350
<small>Note: ES received \$4,242,336 in state support, \$2,026,915 in federal support, and \$21,618 interest in FY 2002. Table reflects ES estimate of federal revenue (Smith-Lever) for FY 2004 and FY 2005</small>							

----- Present Law Adjustments -----

The table above reflects an increase in recharges from MSU Bozeman to Extension Services (ES). Recharges are being considered as one decision package (PL907), and it is contained with the educational units. The increase in the state share to ES is \$41,678 in FY 2004 and \$57,755 in FY 2005.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,501	FY04	\$41,501
FY05	\$30,797	FY05	\$30,797

PL- 7802 - Statewide Adjustments - ES -

For ES, the state share of the present law adjustment is \$341,166 in FY 2004 and \$330,462 in FY 2005. This increase was offset by continuing the special session reductions of \$299,665. To achieve the reductions of the special session, ES eliminated support to the local government center by \$25,000, discontinued partial support to animal and range associate position by \$8,000, reduced the operations and equipment by \$40,000, reduced director's operations budget by \$29,594, reduced publications by \$13,000, reduced specialist operations by \$32,410 and left open other agent and specialist positions totaling \$118,661.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$90,000	FY04	\$90,000
FY05	\$90,000	FY05	\$90,000

NP- 922 – Beef Transfer Position- ES -

The request continues the Beef Transfer Position with the Montana Extension Service. The appropriation was established as an OTO in the 2003 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$87,415)	FY04	(\$87,415)
FY05	(\$92,808)	FY05	(\$92,808)

NP- 7902 - Achieving the Governor's Target - ES -

The general fund target for Extension Services was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, ES must reduce its budget by an additional \$87,415 and \$92,808 in FY 2004 and FY 2005, respectively. ES has indicated that they will carry forward their FY 2003 special session reductions to achieve the target.

Bureau of Mines

Bureau of Mines and Geology
Ed Deal 496-4180

Mission Statement- To promote the effective use of mineral resources through investigation of their geology, production, treatment, and economics.

Statutory Authority – 20-25-215, MCA

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	33.67	0.00	0.00	33.67	0.00	0.00	36.67
Personal Services	1,710,532	40,789		1,751,321	37,563		1,748,095
Operating Costs	486,204	7,504	2,371	496,079	7,930	5,171	499,305
Equipment	1,121			1,121			1,121
Debt Service	101			101			101
Total Funds	\$2,197,958	\$48,293	\$2,371	\$2,248,622	\$45,493	\$5,171	\$2,248,622
State Funds							
General Fund	1,570,646	(19,552)	2,371	1,553,465	(22,352)	5,171	1,553,465
RIT Allocation	600,000	66,000		666,000	66,000		666,000
Subtotal State Funds	2,170,646	46,448	2,371	2,219,465	43,648	5,171	2,219,465
University Funds							
Sales & Service	27,312	1,845		29,157	1,845		29,157
Subtotal University Funds	27,312	1,845	-	29,157	1,845	-	29,157
Total Current Unrestricted Operating Fund	\$2,197,958	\$48,293	\$2,371	\$2,248,622	\$45,493	\$5,171	\$2,248,622

Note: BOM received \$2,170,646 in state funds and \$27,668 in misc. funds in FY 2002.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$19,552)	FY04	(\$19,552)
FY05	(\$22,352)	FY05	(\$22,352)

PL- 7803 - Statewide Adjustments - BoM -

For the Bureau of Mines (BoM), the state share of the present law adjustment is \$75,171 in FY 2004 and \$72,371 in FY 2005. This adjustment was offset by continuing the special session reductions of \$94,723. Reductions included \$41,111 to personal services; \$15,117 in contracted services; \$3,410 in supplies; \$16,871 in travel; \$5,080 in other operating expenses and \$13,134 in equipment. The bureau has indicated that they will continue their FY 2003 special session reductions.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$66,000	FY04	\$0
FY05	\$66,000	FY05	\$0

PL- 903 - Adjust Groundwater Account -

The groundwater assessment account will increase by \$66,000 over the base year amount. This increase happened in FY 2003 when the resource indemnity trust fund reached \$100 million.

----- New Proposals -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$2,371	FY04	\$2,371
FY05	\$5,171	FY05	\$5,171

NP- 7903 - Achieving the Governor's Target - BoM -

The general fund target for the Bureau of Mines was the average of the FY 2002 and FY 2003 appropriation. To achieve this target, the BoM budget is increased by \$2,371 and \$5,171 in FY 2004 and FY 2005, respectively.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Forestry and Conservation Experiment Station

**Forestry and Conservation
Experiment Station**
Perry Brown 243-5521

Mission Statement - The program purposes include studies of forestland resources, timber, and relationships between forests and water, pasturage, and recreation.

Statutory Authority – 20-25-241, MCA

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.44	0.00	0.00	13.44	0.00	0.00	13.44
Personal Services	740,399	57,358		797,757	54,691		795,090
Operating Costs	184,121	2,265	(68,065)	118,321	2,571	(65,704)	120,988
Total Funds	\$924,520	\$59,623	(\$68,065)	\$916,078	\$57,262	(\$65,704)	\$916,078
State Funds							
General Fund	919,661	59,623	(68,065)	911,220	57,262	(65,704)	911,220
Subtotal State Funds	919,661	59,623	(68,065)	911,220	57,262	(65,704)	911,220
University Funds							
Interest and Other	4,859			4,858			4,858
Subtotal University Funds	4,859	-	-	4,858	-	-	4,858
Total Current Unrestricted Operating Fund	\$924,520	\$59,623	(\$68,065)	\$916,078	\$57,262	(\$65,704)	\$916,078

Note: FCES received \$919,611 in state funds and \$4,710 in interest earnings in FY 2002.

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$59,623	FY04	\$59,623
FY05	\$57,262	FY05	\$57,262

PL- 7804 - Statewide Adjustments - FCES -

For the Forestry and Conservation Experiment Station (FCES), the state share of the present law adjustment is \$113,881 in FY 2004 and \$111,520 in FY 2005. This increase was offset by continuing the special session reductions of \$54,258. FCES had reduced personal services and operating expenses were cut during FY 2003.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$68,065)	FY04	(\$68,065)
FY05	(\$65,704)	FY05	(\$65,704)

NP- 7904 - Achieving the Governor's Target - FCES -

The general fund target for the Forest and Conservation Experiment Station was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, the FCES must reduce its budget an additional \$68,065 and \$65,704 in FY 2004 and FY 2005, respectively. They will continue to look at personal service reductions since their budget is primarily personal services.

Fire Services Training School

Fire Services Training School
Butch Weedon 771-4336

Program Description – To build capacity in local governments for protecting the life safety of citizens, their property, the tax base and infrastructure from harm caused by unwanted fires, accidents, injuries, hazardous material incidents and other emergencies

Statutory Authority – 20-31-102, MCA

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	8.48	0.00	0.00	8.48	0.00	0.00	8.48
Personal Services	358,898	58,055		416,953	58,851		417,749
Operating Costs	73,876	(24,175)	(33,849)	15,852	(25,617)	(33,203)	15,056
Equipment	72,947			72,947			72,947
Transfers	1,202			1,202			1,202
Total Funds	\$506,923	\$33,880	(\$33,849)	\$506,954	\$33,234	(\$33,203)	\$506,954
State Funds							
General Fund	507,637	31,621	(33,849)	505,409	30,975	(33,203)	505,409
Subtotal State Funds	507,637	31,621	(33,849)	505,409	30,975	(33,203)	505,409
University Funds							
Interest and Other	(714)	2,259		1,545	2,259		1,545
Subtotal University Funds	(714)	2,259	-	1,545	2,259	-	1,545
Total Current Unrestricted Operating Fund	\$506,923	\$33,880	(\$33,849)	\$506,954	\$33,234	(\$33,203)	\$506,954

Note: FSTS received \$507,767 in state funds and \$1,545 in interest earnings in FY 2002.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- Present Law Adjustments -----

The table above reflects an increase in recharges from MSU Bozeman to Fire Services Training School (FSTS). Recharges are being considered as one decision package (PL-907), and it is contained with the educational units. The increase in the state share to FSTS is \$6,337 in FY 2004 and \$6,909 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$23,284	FY04	\$23,284
FY05	\$22,066	FY05	\$22,066

PL- 7805 - Statewide Adjustments - FSTS -

For FSTS, the state share of the present law adjustment is \$52,413 in FY 2004 and \$51,195 in FY 2005. This increase was offset by \$29,129 of special session reductions. A vehicle replacement was deferred in FY 2003.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,000	FY04	\$2,000
FY05	\$2,000	FY05	\$2,000

PL- 99 – NPQB Accreditation Fee - FSTS -

Effective January 1, 2003, the FSTS will be required to pay a fee to the National Board on Fire Service Professional Qualifications. This fee is required to maintain accreditation.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$33,849)	FY04	(\$33,849)
FY05	(\$33,203)	FY05	(\$33,203)

NP- 7905 - Achieving the Governor's Target - FSTS -

The general fund target for the Fire Services Training School was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, FSTS intends to partially fund a trainer position and reduce equipment purchase by approximately 50 percent.

Commissioner Of Higher Ed-5102 Tribal College Assistance Program-11

11 Tribal College Assistance

Program Description - The program provides assistance to tribal colleges in Montana.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	96,500	0	0	96,500	(96,500)	0	0	0
Total Costs	\$96,500	\$0	\$0	\$96,500	(\$96,500)	\$0	\$0	\$0
General Fund	96,500	0	0	96,500	(96,500)	0	0	0
Total Funds	\$96,500	\$0	\$0	\$96,500	(\$96,500)	\$0	\$0	\$0

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0	\$0
FY05	(\$96,500)	(\$96,500)

PL- 1112 - Tribal College Assistance Adjustment -

The appropriation was a biennial appropriation and was established in the base year. This technical adjustment is necessary to remove the duplicate appropriation that was established in MBARS.

Commissioner Of Higher Ed-5102 Guaranteed Student Loan Pgm-12

12 Guaranteed Student Loan Program
Arlene Hannawalt x0351

Program Description - GSL operates under federal regulation to guarantee federal student loans. GSL purchases and services student loans that have been defaulted, works to prevent default, collects outstanding principle from defaulted loans and provides training and technical assistance to schools and lenders under Title 20, Chapter 26, MCA.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	46.20	0.00	3.00	49.20	0.00	3.00	49.20
Personal Services	1,614,391	48,898	102,347	1,765,636	49,163	102,217	1,765,771
Operating Expenses	4,135,610	1,076	0	4,136,686	2,411	0	4,138,021
Equipment	9,895	0	0	9,895	0	0	9,895
Benefits & Claims	23,340,271	3,000,000	0	26,340,271	6,000,000	0	29,340,271
Total Costs	\$29,100,167	\$3,049,974	\$102,347	\$32,252,488	\$6,051,574	\$102,217	\$35,253,958
Federal Special	29,100,167	3,049,974	102,347	32,252,488	6,051,574	102,217	35,253,958
Total Funds	\$29,100,167	\$3,049,974	\$102,347	\$32,252,488	\$6,051,574	\$102,217	\$35,253,958

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$3,000,000	FY04 \$0
FY05	\$6,000,000	FY05 \$0

PL- 14 - Increase Claims Payment & Collection Recoveries -

During FY 2003, the Montana Guaranteed Student Loan Program (MGSLP) anticipates the reintroduction of Montana State University Bozeman (MSU) to the Federal Family Education Loan Program (FFELP). MSU left FFELP in 1994 to participate in the (then) new Federal Direct Loan Program for their federal student loan volume. With the addition of MSU's loan volume, MGSLP anticipates an increase in gross claim payments for which the agency must have appropriate authority to pay. (MGSLP is later reimbursed for these claim payments by the U.S. Department of Education.) With the addition of increased claim payments, MGSLP also anticipates increased collections on the associated defaulted loans. MGSLP must have appropriate authority to pay the Department of Education's share of the default collection recoveries.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$102,347	FY04 \$0
FY05	\$102,217	FY05 \$0

NP- 15 - GSL Additional FTE -

The Montana Guaranteed Student Loan Program (MGSLP) proposes the addition of 3.00 FTE to provide additional outreach services, support the loan disbursement escrow service to Montana schools and lenders, and improve agency accountability through reconciliation with the National Student Loan Data System and expanded production of statistical and accounting reports. MGSLP requests 1.00 FTE outreach coordinator, 1.00 FTE accounting technician, and 1.00 FTE research analyst.

There is no state funding in the MGSLP, and these positions will be paid from revenue on the services provided.

Commissioner Of Higher Ed-5102 Board Of Regents-admin-13

13 Board of Regents
Richard Roehm 587-3990

Program Description - - The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

Program Proposed Budget Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	14,400	(1,963)	0	12,437	(1,963)	0	12,437
Operating Expenses	39,452	0	0	39,452	0	0	39,452
Total Costs	\$53,852	(\$1,963)	\$0	\$51,889	(\$1,963)	\$0	\$51,889
General Fund	53,852	(1,963)	0	51,889	(1,963)	0	51,889
Total Funds	\$53,852	(\$1,963)	\$0	\$51,889	(\$1,963)	\$0	\$51,889

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$14,400	FY04	\$14,400
FY05	\$14,400	FY05	\$14,400

PL- 131 - Restore Base -

Board per diem is zero based so this adjustment restores authority for FY 2004 and FY 2005 to the level of actual expenditures for FY 2002.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$1,963)	FY04	(\$1,963)
FY05	(\$1,963)	FY05	(\$1,963)

PL- 7010 - Global Special Session Reduction -

Continue the special session reductions that were applied to the Board of Regents Program.